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CALIFORNIA STATE BOARD OF EQUALIZATION

ANNUAL REPORT 1986-1987

Fiscal Year
Ended June 30, 1987

BOARD MEMBERS

William M. Bennett
Kentfield, First District

Conway H. Collis
Los Angeles, Second District

Ernest J. Dronenburg Jr.
San Diego, Third District

Paul Carpenter
Los Angeles, Fourth District

Gray Davis
State Controller

•

Douglas D. Bell
Executive Secretary

Douglas D. Bell, Executive Secretary of the Board since May 1, 1977, the first Board employee ever promoted to the chief administrative position, retired May 29, 1987.

During his 40-year career with the Board, he was a major planner of the reorganization that transformed the Board into a model for tax administration agencies of other states and nations.

With respect and affection, this Annual Report is dedicated to Doug Bell, a devoted friend to his staff and associates.

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STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

1020 N STREET, SACRAMENTO, CALIFORNIA
(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)

WILLIAM M. BENNETT
First District, Kentfield

CONWAY H. COLLIS
Second District, Los Angeles

ERNEST J. DRONENBURG, JR.
Third District, San Diego

PAUL CARPENTER
Fourth District, Los Angeles

GRAY DAVIS
Controller, Sacramento

DOUGLAS D. BELL
Executive Secretary

The Honorable George Deukmejian
Governor of California

Dear Governor Deukmejian:

We are pleased to furnish to you the Annual Report of the State Board of Equalization for the 137th fiscal year, ended June 30, 1986. It includes a review of revenue activities assigned to the Board and a statement of our expenditures to administer them.

There is also included statistical information concerning both property and business taxes in which the Board is involved with state and local governments.

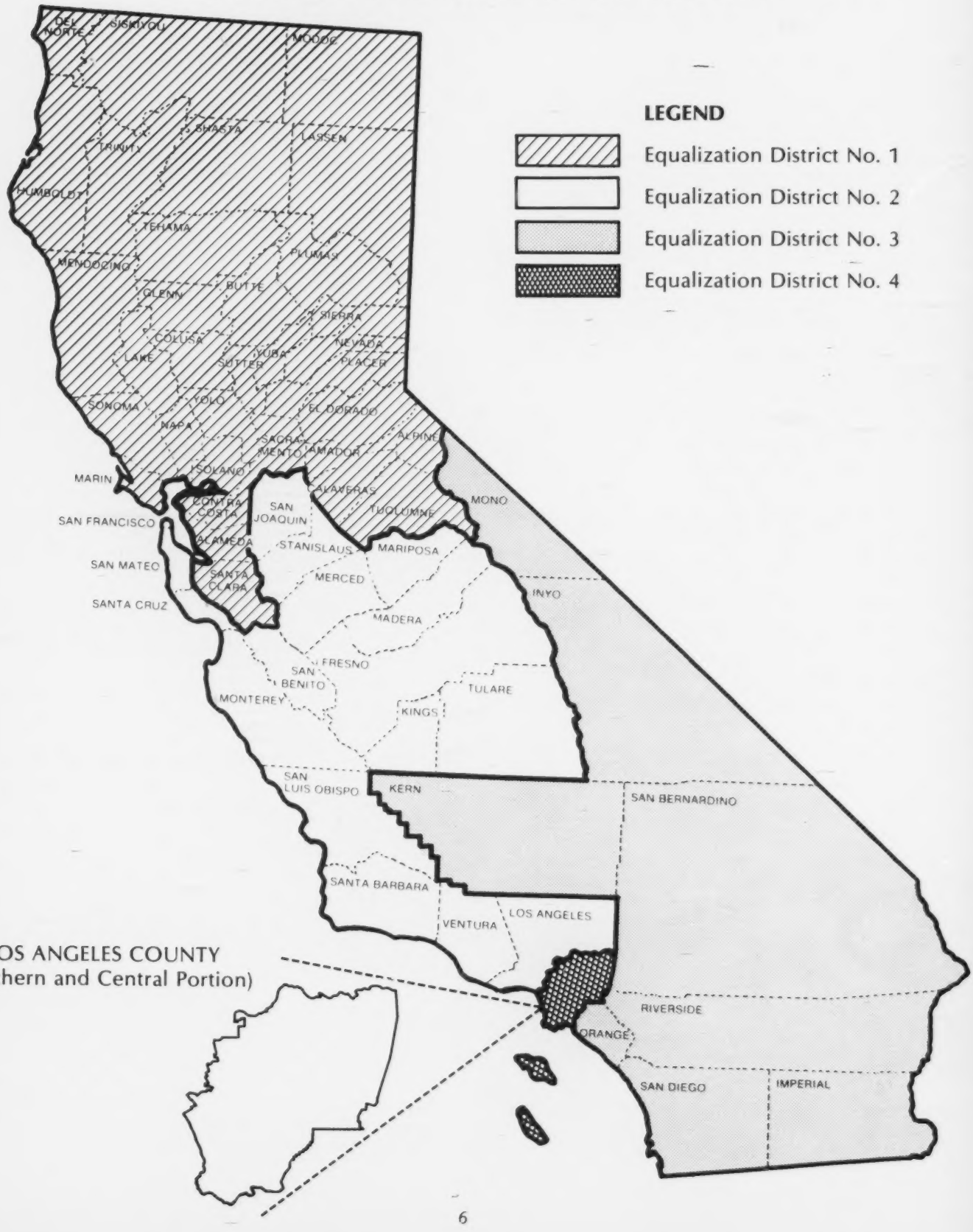
Respectfully submitted,

Conway Collis

Conway Collis, Chairman
Ernest J. Dronenburg, Jr., Vice Chairman
William M. Bennett, Member
Paul Carpenter, Member
Gray Davis, State Controller

Douglas D. Bell, Executive Secretary
December 31, 1987

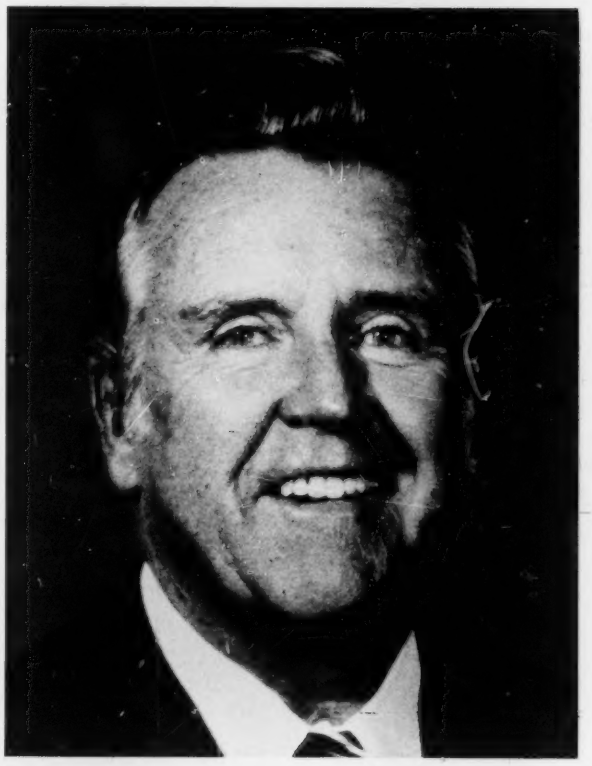
EQUALIZATION DISTRICTS
CALIFORNIA STATE BOARD OF EQUALIZATION



BOARD MEMBERS I.

First District

WILLIAM M. BENNETT



William M. Bennett began serving his fifth term as a Member of the Board of Equalization in January 1987. Mr. Bennett was reelected to represent the Third Equalization District in November 1982. However, under the 1983 reapportionment of the Board, that District was designated the First Equalization District and was expanded from 28 to 33 northern California counties.

Mr. Bennett is Chairman of the Board's Valuation of State Assessees Committee and of the Timber Advisory Committee. He served his first term as Chairman of the Board in 1972. When Board Chairman John Lynch died in office in December 1975, Mr. Bennett was serving as Vice Chairman. He was elected Chairman to complete Mr. Lynch's term, and was reelected in 1976, 1977, 1979, 1982, and 1983.

Mr. Bennett is a member of the State Bar of California and has been admitted to practice before the United States Supreme Court, appearing on behalf of the State of California eight times in significant criminal, civil, and antitrust litigation. He has practiced extensively before both state and federal regulatory agencies and commissions. In 1969, Mr. Bennett was permitted by the U.S. Supreme Court to make a special appearance as a self-appointed "consumer spokesman" to present an argument in antitrust litigation involving the El Paso Natural Gas Company. It was the first time in the history of the Court that an individual who was neither a party to a case nor representing a specific client was permitted to make such an extraordinary appearance.

Mr. Bennett began his government career as a Deputy Attorney General of California and served in that capacity for 12 years. In 1958, he was appointed chief counsel to the California Public Utilities Commission; in 1962, he was appointed a member of that Commission and later served as its president.

Mr. Bennett was born in San Francisco in 1918. He and Mrs. Bennett have four children: William, Jr., James, Michael, and Joan. During World War II, Mr. Bennett served as a captain in the Air Force, completing 50 missions with the 15th Air Force over Europe. Mr. Bennett has been a professor of law, teaching administrative law and consumer protection courses at Hastings College of Law, University of California, San Francisco.

Second District

CONWAY H. COLLIS

Since California is the only state that directly elects officials to oversee the state's tax system, Conway Collis has sought to do more than simply administer tax laws—he has actively tried to serve as an ombudsman or "taxpayer's representative" for the people in his district.

The cornerstone of that commitment is the "open office days" that Collis has held throughout his sprawling district. As part of his efforts to make the tax system more accessible and less threatening to the average citizen, the "open office days" give taxpayers a chance to talk directly with Collis about their tax problems. Hundreds of people have thus far availed themselves of this opportunity to take their tax problems "to the top".

Collis has worked towards lessening red tape for individual and business taxpayers, as well as reforming California's tax policy. He has advocated reducing the state's sales tax by closing several special interest loopholes and has long advocated conforming the state income tax to the federal, which would greatly simplify the filing of state income tax returns.

Most recently he has been the driving force behind the effort to deny business tax deductions for fees and expenses incurred at private clubs which discriminate.

Since being elected Chairman, he has initiated a number of efforts designed to reform the internal operations of the Board. He plans to have Board offices stay open evenings and on Saturdays to better serve the public. In addition, he has advocated changes in the way auditors are judged and promoted and wants to replace in-house hearing officers with outside independent hearing officers.

Before Collis became a Board Member, taxpayers who relied in good faith upon advice of Board staff that proved erroneous were subject to penalty and fines anyway. Collis successfully pushed legislation to end that practice and to provide safeguards for taxpayers dealing with the Franchise Tax Board. Another high priority is his proposal to make tax credits available to businesses which provide child care services for employees. When available, it should result in additional and safer care for California's children.

Conway Collis represents the Second Equalization District which includes the western and San Fernando Valley portions of Los Angeles County, all of the coastal counties north through and including San Francisco, and most of the San Joaquin Valley counties.

A native of Chicago, Collis moved to California in 1966, graduated with honors from Occidental College in 1970 and from Stanford Law School in 1974. After graduation from Stanford, Collis served as a counsel on the U.S. Senate Labor and Human Resources Committee and as domestic policy advisor to U.S. Senator Alan Cranston (1974–1977) in Washington, D.C. Returning to California, he directed Senator Cranston's statewide field and finance operations. He was first elected to the Board in 1982 and reelected in 1986.

A former high school and college athlete, Collis runs, lifts weights, and holds a black belt in karate. He is married to Margaret S. Henry, a practicing attorney in Los Angeles. They have one child, Everett Henry "Rocky" Collis.

Third District
ERNEST J. DRONENBURG, JR.

Ernest J. (Ernie) Dronenburg, Jr., was first elected to the Board in 1978. He is the first Republican elected to the Board of Equalization in 24 years. In both his 1982 and 1986 reelection victories he received more than a million votes. His district, which extends from Mono County to the Mexican border, includes the urban areas of San Diego and Orange County. The district has more than seven million people and covers a geographical area larger than the states of New York and Pennsylvania combined.

Mr. Dronenburg served as Chairman of the Board in 1981 and 1985. He was elected Chairman for 1988.

Mr. Dronenburg grew up in San Diego and graduated from San Diego State University in 1966 with a B.S. degree in finance and accounting and a B.A. degree in economics. After graduation he worked for five years as an industrial engineer for NCR and the Rohr Corporation.

In 1971, he was employed by the Board in the Business Taxes Department as an auditor, and was a field audit supervisor at the time of his election to the Board.

Though many have attempted it, Mr. Dronenburg is the first employee in the 108-year history of the agency to be elected to the constitutional office of Board Member.

Prior to his election, Mr. Dronenburg was also a businessman in his own right. In 1973, working in his off hours, he helped start a racquetball equipment distributing company. Two years later, he founded a racquetball and tennis racket manufacturing company.

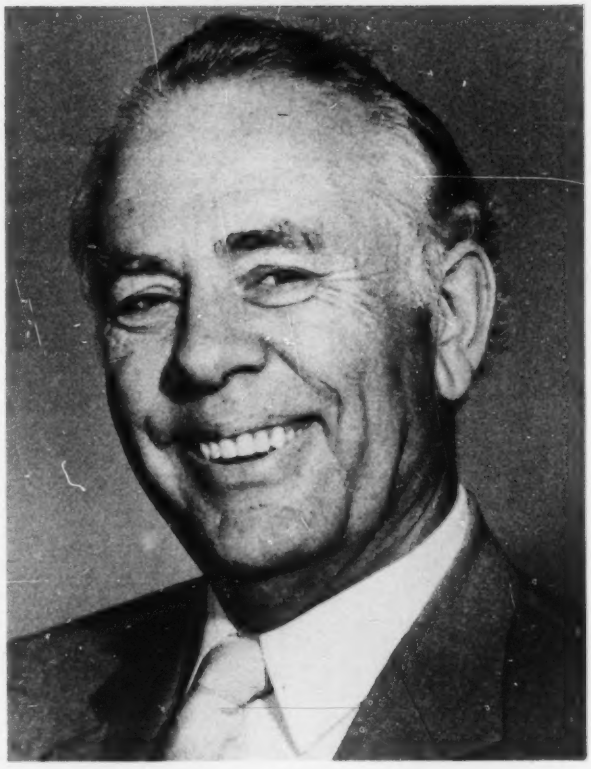
Mr. Dronenburg's professional affiliations include Secretary and Executive Board Member of the National Association of Tax Administrators and membership in the National Association of Accountants. He is President of the 14-state Western States Association of Tax Administrators (WSATA), and a member of the Board of Directors of the Western Tax Association. He has had papers published in several tax journals and is the developer of the Wages and Salaries (WAS) Index theory for indexing the California Personal Income Tax.

Mr. Dronenburg's community activities include membership on the Board of Directors of the Clair Burgener Foundation for Developmentally Disabled, the Board of Governors of the United Cerebral Palsy Association of San Diego County, the San Diego Kiwanis Club, and the San Diego County Association for Retarded Citizens. He is also a member of the College Avenue Baptist Church and serves as Church Financial Auditor.

He and his wife, Kathryn, and three daughters, Kristin, Amy, and Stephanie, live in San Diego County.

Fourth District

PAUL CARPENTER



Recognized as one of California's leading business analysts, Senator Paul Carpenter has brought to the State Board of Equalization an inclusionary philosophy that believes, "The people of California are this state's greatest resource and the reason government exists."

When elected to the Board of Equalization in 1986, Carpenter stated that he wanted to serve on the state's principal taxing authority so as to have an opportunity to bring a different perspective to the Board's work through imaginative planning and strong leadership.

His twelve-year tenure as a member of the State Legislature has provided Senator Carpenter with a diverse background that has allowed him to hone a more responsive Board of Equalization directed at meeting the concerns of California's consumers and businesses. As a Senator, he expended considerable effort in formulating and introducing legislation aimed at reducing not only the complexities of the state's numerous taxing agencies, but in curtailing their often cumbersome and bureaucratic intrusions into the public and private domain.

Senator Carpenter is a Los Angeles County homeowner, a Navy veteran, and family man with two daughters. He has a strong committment to community participation and civic involvement. Whether umpiring little league games, or serving on the board of directors of such organizations as the Easter Seal Society, Girl Scouts, Quarter Horse Charity Foundation, or the FHP Charity Foundation, Carpenter has always supported programs that establish and maintain quality neighborhoods. Prior to his election to the Legislature in 1972, he served as Associate Director of the Orange County Health Planning Council and was instrumental in developing the first Master Plan For Health Care in Orange County.

LOS ANGELES COUNTY
(Southern and Central Portion)

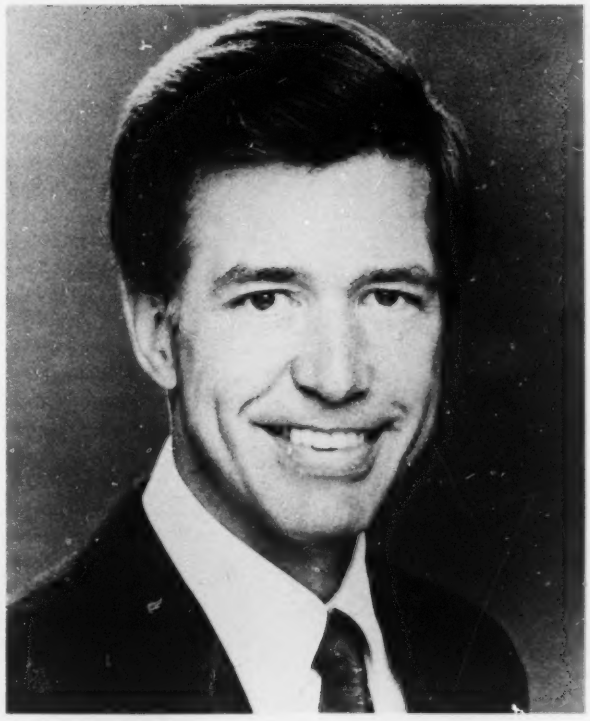
The Senator was born in Sioux City, Iowa. He attended the University of Iowa, University of Chicago, University of Missouri, and Florida State University where he earned his PhD in Experimental Psychology. He is a member of the American Association for the Advancement of Science, American Psychological Association, and the Scientific Honorary Society, Sigma Xi.

Board Member Carpenter has put his extensive educational background to work in several diverse fields including teaching in California's university system, executive management for major California aerospace firms, and as a member of the Small Business Advisory Council. As a legislator and research scientist, he worked toward resolving complex problems in transportation, health maintenance, toxic waste control, water utilization, and natural resource development.

Carpenter believes that the ever-tightening economy along with increased consumer debt, has placed many businesses and citizens in protracted economic jeopardy. He strongly feels that elected officials at all levels of government must fight to insure that California industry be productive and competitive in order to keep the state's work force fully employed.

State Controller

GRAY DAVIS



Gray Davis became California's 27th State Controller on January 2, 1987, after winning election in November 1986.

Before becoming Controller, Mr. Davis served two terms in the State Assembly representing the 43rd District. Prior to his election he served as Chief of Staff to former Governor Edmund G. Brown, Jr., from 1974 to 1981.

As Controller, Gray Davis serves on 36 Boards and Commissions. He is Chairman of the Franchise Tax Board, the State Lands Commission, the Board of Control, the Public Employees and Teachers' Retirement Boards, and he plays an active role in literally dozens more.

Mr. Davis is founder and chairman of the nonprofit California Foundation for the Protection of Children, which has recruited more than 300 companies and labor unions to publicize the photos of missing children on a variety of products. This program received the 1985 award for the best public-private partnership in California.

During his tenure as Chief of Staff to Governor Brown, Mr. Davis served as Chairman of the California Council on Criminal Justice, and was instrumental in originating the statewide Neighborhood Watch Program.

As an Assemblyman, Gray Davis sponsored a variety of legislation, including the following:

—model legislation establishing some of the toughest standards in the country and funding for the cleanup and removal of asbestos from public schools and subsequent legislation tightening exposure standards for workers on the job;

—extending the existence of the Santa Monica Mountains Conservancy;

— two far-reaching proposals stiffening the penalties for kidnapping a child and setting up a missing children registry and hotline in the state;

—stiffening penalties for drug dealers who use children to traffic drugs;

—increasing penalties for drug dealers who sell cocaine, heroin, or PCP from rock houses;

—landmark legislation requiring that 10 percent of all apartments built with tax exempt revenue bonds be set aside for very low-income tenants;

—creating a top-level government position to promote business and job development;

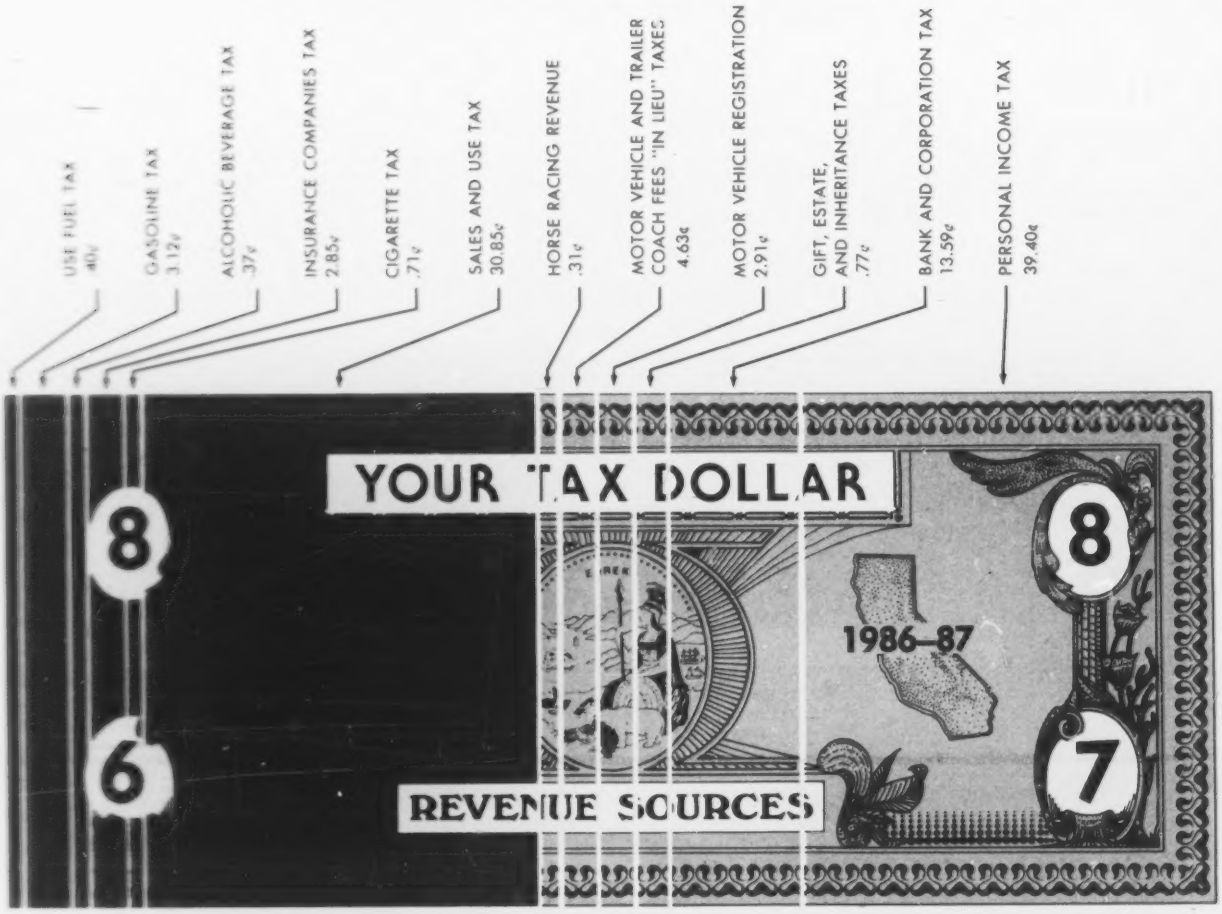
—authoring the Vehicle Registration Amnesty Program which has recovered $15 million in unpaid vehicle registration fees and registered 109,000 cars; and

—imposing the toughest civil and criminal penalties against product counterfeiting in the nation.

Born in New York December 26, 1942, Gray Davis moved with his family to California when he was eleven years old. In 1964, he graduated from Stanford University Cum Laude and in 1967 from Columbia University Law School. Starting in 1969, he served with the U.S. Army in Vietnam, attaining the rank of Captain. He was awarded the Bronze Star.

Mr. Davis lives in Los Angeles with his wife, Sharon.

SOURCES OF STATE REVENUE


USE FUEL TAX 40¢
GASOLINE TAX 3.12¢
ALCOHOLIC BEVERAGE TAX .37¢
INSURANCE COMPANIES TAX 2.85¢
CIGARETTE TAX .71¢
SALES AND USE TAX 30.85¢
HORSE RACING REVENUE .31¢
MOTOR VEHICLE AND TRAILER COACH FEES "IN LIEU" TAXES 4.63¢
MOTOR VEHICLE REGISTRATION 2.91¢
GIFT, ESTATE, AND INHERITANCE TAXES .77¢
BANK AND CORPORATION TAX 13.59¢
PERSONAL INCOME TAX 39.40¢
YOUR TAX DOLLAR
1986–87
REVENUE SOURCES

MAJOR STATE TAXES AND LICENSES IN CALIFORNIA
Fiscal year ended June 30, 1987

Taxes administered by the Board of Equalization produced $709,782,000 in property taxes and $16,180,905,000 in business taxes for a total of $16,890,687,000. The Board's costs totaled $132,562,000 for an average of 78 cents for each $100 of revenue.

Board of Equalization	1986–87 Fiscal Year Revenue	Percentages Change from 1985–86	Percentages of Grand Total
Sales and Use Tax	$10,901,039,929	5.7	30.85
Gasoline and Jet Fuel Tax	1,103,589,792	3.9	3.12
Use Fuel Tax (mostly diesel fuel)	142,290,480	7.4	0.40
Insurance Companies Tax	1,008,804,057	20.1	2.85
Cigarette Tax	252,031,302	−2.4	0.71
Alcoholic Beverage Tax	131,287,311	−0.7	0.37
Grand Total—Board of Equalization	$13,539,042,871	6.3	38.31

Other Agencies	1986–87 Fiscal Year Revenue	Percentages Change from 1985–86	Percentages of Grand Total
Personal Income Tax	$13,922,074,322	22.0	39.40
Bank and Corporation Tax	4,800,843,234	24.9	13.59
Motor Vehicle "in lieu" Tax	1,635,023,452	10.0	4.63
Trailer Coach Fees "in lieu" Tax	29,702,195	−4.3	0.08
Motor Vehicle Registration and Other Fees	1,028,883,408	3.1	2.91
Estate Tax	238,716,371	15.3	0.68
Inheritance Tax	33,094,974	−25.7	0.09
Gift Tax	1,278,175	2.5	–
Horse Racing Revenue	111,121,912	−0.7	0.31
Total—Other Agencies	$21,800,738,043	20.4	61.69
Grand Total—All Agencies	$35,339,780,914	14.6	100.00

Source: State Controller's "Summary Statement of Revenues for the General Fund and Other Governmental Cost Funds", Fiscal Year ended June 30, 1987.

THE BOARD II.

THE BOARD II.

The Constitutional Convention of 1849 provided the basis for the establishment 30 years later of the State Board of Equalization. Article XI, Section 13 of the 1849 Constitution proclaimed:

"Taxation shall be equal and uniform throughout the state. All property in this state shall be taxed in proportion to its value, to be ascertained and directed by law: but assessors and collectors of town, county, and state taxes shall be elected by the qualified electors of the district, county, or town in which the property taxed for state, county, or town purposes is situated."

The failure of assessors and collectors to uphold this provision of "equal and uniform" taxation led to the creation of the Board of Equalization with an amendment to the State Constitution at the Constitutional Convention of 1879.

The Board consists of one elected Member from each of the four Equalization Districts and the State Controller. Although today's Board differs little in structure from the 1879 Board, it has survived well over a century of socio-economic change as California's major revenue agency, studied and consulted by tax administrators from all over the nation and the world.

With California's population now past 27 million, each Equalization District Board Member represents more than 6.5 million Californians.

Photographed during a Board meeting in Sacramento, the Board Members are (from left) State Controller Gray Davis, Ernest J. Dronenburg, Jr., Conway H. Collis, Paul Carpenter, and William M. Bennett. For 1987, the Board elected Mr. Collis Chairman and Mr. Dronenburg Vice Chairman. The Chairman of the Board of Equalization also serves as a Member of the Franchise Tax Board with the State Controller and Director of Finance.

The Chairman conducts Board Meetings, convenes special meetings, and appoints Board committees which develop and recommend policies subject to Board approval in legislation, valuation of public utilities, local property assessment, information processing, public information, personnel management, and equal employment opportunity.

The Board appoints an Executive Secretary to direct Board programs and staff activities and to implement the policies it adopts, the directives it issues, and the actions it takes. The Executive Secretary is responsible for the organization of the Board's meetings, the scheduling of tax appeal hearings, the adoption of rules and regulations, administrative matters, and other essential matters.

Created originally to oversee the property tax, the Board has been assigned the administration of virtually every tax program enacted by the Legislature. Originally the Board was established to regulate property assessment in the counties and equalize their respective assessment ratios. That function gave the Board its name, which has never fully described its many duties and responsibilities.

Next the Board was assigned the assessment of the state's intercounty railroads and later, the public utility properties. In 1911, amendments to the California Constitution assigned to the Board the administration of other tax programs: corporation franchise taxes, the bank share tax, insurance taxes, and a gross receipts tax on public utilities that terminated valuation and assessment by the Board. In 1923, the Motor Vehicle Fuel Tax (gasoline) was enacted. In 1929, for the first time, a tax program was assigned to another agency, with the establishment by the Legislature of the Franchise Tax Commission to administer the Bank and Corporation Franchise Tax Law. In 1935, the state's new Personal Income Tax Law was also assigned to the Franchise Tax Commission. For both programs, the Board of Equalization Tax was designated the appellate body.

II. THE BOARD

Significant changes in the state's revenue structure came in 1933, when the Legislature adopted the Riley-Stewart Plan proposed by Board of Equalization Members Ray Riley and Fred Stewart. The gross receipts tax on utilities was repealed, and the public utility properties were restored to the county tax rolls. After a quarter-century hiatus, in 1935, the Board resumed its role as assessor of public utility operating properties.

In 1970, a state-administered transit district sales tax went into effect in the Bay Area Rapid Transit District and the Southern California Transit District. Through the years other counties have adopted transit district taxes, and more recently, transportation authority taxes. Well over half of the state's population pays an additional one-half percent in sales and use taxes to finance public transportation and pay for road improvements in Contra Costa, Fresno, Los Angeles, San Francisco, San Mateo, and Santa Cruz counties. Taxpayers in Alameda and Santa Clara counties pay an additional one percent, for an overall total of 7 cents in sales and use taxes.

Today the Board is responsible, directly and indirectly, for more than $16 billion annually in state and local revenues. Annual tax revenues of approximately $15.1 billion are collected directly by the Board at a cost of only 84 cents per $100 in revenue. The Board functions in three major roles: administrative, quasi-legislative, and quasi-judicial.

As an administrative body, the Board develops and adopts capitalization rates; classifies unitary and nonunitary properties of public utilities and determines the property values of each assessee for local property taxation; sets the electrical energy surcharge rate; fixes the 911 emergency telephone users surcharge rate at the level determined by the Department of General Services; and administers the California Sales and Use Tax, the Motor Vehicle Fuel License Tax, Use Fuel Tax, Alcoholic Beverage Tax, Cigarette Tax, Insurance Tax, Timber Yield Tax, the Hazardous Waste Substance Taxes, and the Moore Universal Telephone Service Tax. The Board also administers the city, county, and transit district sales and use (transactions) taxes.

In its quasi-legislative role, the Board adopts rules and regulations, issues directives for the guidance of taxpayers, county assessors, and county assessment appeals boards; and studies the operations of individual county assessor offices to determine their effectiveness. The Board prescribes property tax forms and publishes handbooks for the assessors' use, and oversees assessment practices. For the sales and use tax and the other business taxes it administers, the Board adopts regulations and publishes a law guide and series of advisory tax publications (Tax Tips) which offers guidance to specific types of business to help taxpayers comply with tax law requirements.

Also in 1933, the Legislature assigned to the Board the administration of a series of business taxes to cope with the fiscal crisis generated by the Great Depression. The sales tax was first, followed by the use tax, motor vehicle transportation license tax, and the alcoholic beverage tax. On July 1, 1956, the Board began administering and collecting sales and use taxes for California cities and counties. By 1962, all cities and counties were included in the program. The cigarette tax was enacted in 1959.

In its quasi-judicial capacity, the Board serves as the appellate body in final actions of the Franchise Tax Board for the state's Bank and Corporation Franchise Tax, the Personal Income Tax, and the Senior Citizens Property Tax Assistance Laws.

In administering tax laws, the Board considers petitions for redetermination of business tax matters and the appeals of insurance companies under the Insurance Tax Law. In property taxes, the Board considers appeals of assessments made by county assessors on lands, water rights, and certain improvements on property owned by local government but located outside its boundaries.

Throughout the year, the Board conducts public meetings, in Sacramento at least once every month, and as often as necessary in other California cities. During 1986–87, the Board met in Sacramento, Los Angeles, San Francisco, San Diego, Lakewood, Arcadia, and Carson to hear tax appeals, adopt rules and regulations, and handle other matters related to tax administration.

The Board employs a staff of 2,900 auditors, appraisers, analysts, registration and collection technicians, clerical support personnel, and specialists in fiscal administration, data processing, personnel management, training, management analysis, and public information. Board headquarters are located in Sacramento with field offices throughout California. The Board also maintains offices in New York, Chicago, and Houston to serve taxpayers who do business in California but whose headquarters and records are located in other states.

The tax programs administered by the Board affect virtually every aspect of California commerce, which ranks the state as the seventh greatest economy in the world. Those tax programs generated $12.6 billion during fiscal 1986–87 in general fund and special revenues for the state, an increase of 5.1 percent over the preceding year's $12.0 billion. The Board also collected $3.5 billion in sales and use taxes for California cities, counties, transit districts, and redevelopment agencies.

Board assessments of privately owned public utilities produced $692 million in local property taxes. The Board collected $3.4 million in private railroad car taxes for the state. For distribution to local government, the Board collected $75.6 million in cigarette taxes (in addition to the state's portion).

The evolution of the Board of Equalization is summarized on the next page in a chronological history that lists the duties and functions as they have been assigned to the Board through the years.

HISTORY OF THE STATE BOARD OF EQUALIZATION

1870 State Board of Equalization created by Legislature to deal with property assessment abuses among counties. Board consisted of State Controller and two members appointed by Governor.

1879 State Board of Equalization established under the State Constitution to regulate county assessment practices, equalize county assessment ratios and assess properties of intercounty railroads. Board consisted of four members elected from Equalization districts and the State Controller.*

1911 Constitutional Amendment provided for Board assessment of corporation franchise taxes, bank share tax, gross receipts taxes on public service corporations (utilities), and insurance taxes.

1923 Motor Vehicle Fuel (gasoline) Tax enacted.

1929 Bank and Corporation Franchise Tax enacted with State Board of Equalization as an administrative appellate agency replacing previous assessing function.

1933 Retail sales tax, motor vehicle transportation license tax, and alcoholic beverage tax enacted. Riley-Stewart Plan enacted—assessment of designated public utility properties for local tax purposes.

1935 Use Tax enacted—provided further revenue, protected California retailers from tax-free competition from out-of-state sellers. Personal Income Tax enacted with State Board of Equalization as an administrative appellate agency.

1937 Use Fuel Tax enacted—diesel tax became a supplement to the gasoline tax.

1937 Private Car Tax enacted—state tax on privately owned railroad cars.

1951 Administration of Itinerant Merchants Act transferred by legislation from the Public Utilities Commission to the Board of Equalization. This law imposed an annual fee on persons hauling produce across county lines.

1955 Constitutional Amendment transferred licensing and control of alcoholic beverages from the Board of Equalization to a new Alcoholic Beverage Control Department and the appellate function to the Alcoholic Beverage Control Appeals Board. Taxing functions remained with the Board.

1955 Board-administered Local Sales and Use Taxes program initiated. All California cities and counties were included by 1962.

1959 Cigarette Tax enacted.

1961 Itinerant Merchants law repealed.

1963 Subscription Television Tax enacted.

1964 Subscription Television Tax repealed by an initiative measure.

1966 Property Tax Assessment Reform Law enacted—mandated certification and training of appraisers, surveys of county assessors' offices, and development of property tax rules and regulations. Also added an appeal procedure at the staff level to the sample property appraisal process.

1967 Legislative action increased the Cigarette Tax and provided that 30 percent of the receipts be distributed to cities and counties according to an equitable allocation formula based on local sales tax allocations.

1969 Aircraft Jet Fuel Tax enacted.

1970 State-administered Transit District Sales Tax program enacted—Bay Area Rapid Transit District and Southern California Rapid Transit District.

1973 Motor Vehicle Transportation License Tax repealed.

1974 Waxman-Dymally Campaign Disclosure Legislation enacted—provided for audit of campaign statements. This activity terminated late in 1975 with passage of Proposition 9, Political Reform Act, in November 1974.

1975 Electrical Energy Surcharge enacted—to fund the State Resources Conservation and Development Commission.

1976 Timber Yield Tax enacted. Emergency Telephone Users Surcharge Law enacted.

1977 Litter Control, Recycling, and Resource Recovery Assessment Act enacted.

1978 Proposition 13 adopted by the electorate June 6, 1978 added Article XIIIA to the California Constitution. It changed the system of real property taxation by restricting the maximum ad valorem tax to 1 percent of full cash value, permitting a maximum 2 percent annual increase in the fair market value base to reflect inflation.

1978 Proposition 8 adopted November 7, 1978 amended Article XIIIA to allow reduction of the full cash value base of real property to reflect substantial damage, destruction, or other factors which cause the value to decline.

1979 Litter Control, Recycling, and Resources Recovery Act amended, ending the assessment and allocating funding from the state's general fund.

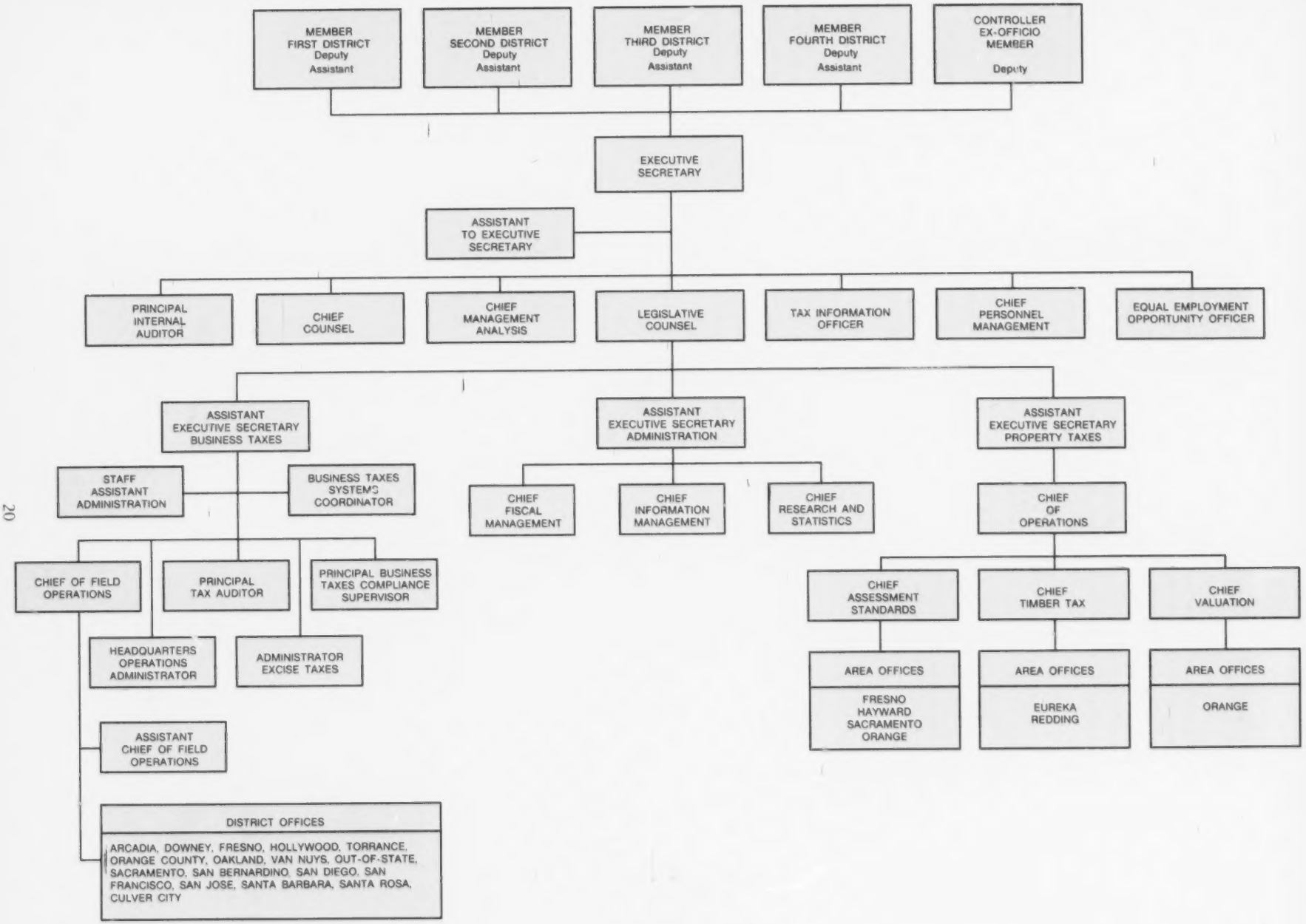
1982 Administration of two hazardous substances taxes assigned to the Board by legislation. Both are imposed on persons who generate hazardous waste and dispose of it in California.

1984 The Moore Universal Telephone Service Act imposed a tax on certain intrastate telecommunications to subsidize basic telephone service for those who cannot afford it. Tax rates eligibility, and service systems are determined by the Public Utilities Commission. The Board collects the tax.

1987 The Moore Universal Telephone Service Act repealed and reenacted, transferring administration to the Public Utilities Commission.

* The Board in its present form was established by Article XIII, section 9 of the Constitution of 1879. "As originally ratified, (it) provided that the board should consist of one member from each congressional district in the State, to be elected by the qualified electors of their respective districts at the general election to be held in 1879, whose term of office, after those first elected, should be four years, and that the Controller should be ex officio a member of the board."

—California Blue Book or State Roster—1909


MEMBER
FIRST DISTRICT
Deputy
Assistant
MEMBER
SECOND DISTRICT
Deputy
Assistant
MEMBER
THIRD DISTRICT
Deputy
Assistant
MEMBER
FOURTH DISTRICT
Deputy
Assistant
CONTROLLER
EX-OFFICIO
MEMBER
Deputy
EXECUTIVE
SECRETARY
ASSISTANT
TO EXECUTIVE
SECRETARY
PRINCIPAL
INTERNAL
AUDITOR
CHIEF
COUNSEL
CHIEF
MANAGEMENT
ANALYSIS
LEGISLATIVE
COUNSEL
TAX INFORMATION
OFFICER
CHIEF
PERSONNEL
MANAGEMENT
EQUAL EMPLOYMENT
OPPORTUNITY OFFICER
ASSISTANT
EXECUTIVE SECRETARY
BUSINESS TAXES
ASSISTANT
EXECUTIVE SECRETARY
ADMINISTRATION
ASSISTANT
EXECUTIVE SECRETARY
PROPERTY TAXES
STAFF
ASSISTANT
ADMINISTRATION
BUSINESS TAXES
SYSTEMS
COORDINATOR
CHIEF
FISCAL
MANAGEMENT
CHIEF
INFORMATION
MANAGEMENT
CHIEF
RESEARCH AND
STATISTICS
CHIEF
OF
OPERATIONS
CHIEF OF FIELD
OPERATIONS
PRINCIPAL
TAX AUDITOR
PRINCIPAL BUSINESS
TAXES COMPLIANCE
SUPERVISOR
CHIEF
ASSESSMENT
STANDARDS
CHIEF
TIMBER TAX
CHIEF
VALUATION
HEADQUARTERS
OPERATIONS
ADMINISTRATOR
ADMINISTRATOR
EXCISE TAXES
AREA OFFICES
FRESNO
HAYWARD
SACRAMENTO
ORANGE
AREA OFFICES
EUREKA
REDDING
AREA OFFICES
ORANGE
ASSISTANT
CHIEF OF FIELD
OPERATIONS
DISTRICT OFFICES
ARCADIA, DOWNEY, FRESNO, HOLLYWOOD, TORRANCE, ORANGE COUNTY, OAKLAND, VAN NUYS, OUT-OF-STATE, SACRAMENTO, SAN BERNARDINO, SAN DIEGO, SAN FRANCISCO, SAN JOSE, SANTA BARBARA, SANTA ROSA, CULVER CITY

ADMINISTRATION III.

ADMINISTRATION III.

DOUGLAS D. BELL
Executive Secretary

LAWRENCE A. AUGUSTA
Assistant Executive Secretary
Administration

J. D. DOTSON
Assistant Executive Secretary
Business Taxes

GORDON P. ADELMAN
Assistant Executive Secretary
Property Taxes

JAMES J. DELANEY
Chief Counsel

With a budget of $139 million and a staff of 3,053 during 1986–87, the Board of Equalization administers 15 state and local business and property tax programs. During the year, those programs generated $16.9 billion, collected by the Board at a cost of $133 million or 78 cents for each $100 of revenue.

The Executive Secretary, appointed by the Board, directs the administration of those tax programs. As the Board's chief executive officer, the Executive Secretary plans, organizes, and directs the operations of the staff, interprets and applies Board policies and decisions, recommends changes, and represents the Board in operations.

The Executive Secretary is assisted by a Chief Counsel and three Assistant Executive Secretaries, for Administration, Business Taxes, and Property Taxes—the three main components of the Board's organization.

Douglas D. Bell has been Executive Secretary of the Board since May 1, 1977. Mr. Bell joined the Board in 1947, the first Board employee promoted to the chief administrative position since the Board's inception in 1879. Mr. Bell retired May 29, 1987, but returned to serve in an interim capacity until his successor was selected by the Board following a nationwide executive search program. She is Cindy Rambo, former chair of the Oklahoma Tax Commission.

Chief Counsel James J. Delaney joined the Board in 1956 and was named Chief Counsel January 1, 1977. Previously, Mr. Delaney was Assistant Chief Counsel for Property Taxes.

Assistant Executive Secretary for Property Taxes, Gordon P. Adelman was appointed to that position May 1, 1979. A Board employee since 1966, Mr. Adelman was formerly Assistant Executive Secretary for Administration.

Assistant Executive Secretary for Business Taxes, J.D. Dotson began serving in that position January 1, 1977. A Board employee since 1950, Mr. Dotson retired April 30, 1987, and was succeeded August 10 by Judy A. Agan from the Department of Finance.

Lawrence A. Augusta became Assistant Executive Secretary for Administration March 12, 1984. He left the position August 17, 1987 to return to the Legal Section as an Assistant Chief Counsel. He was succeeded by Allan Stuckey, formerly the Board's Chief of Management Analysis.

Administrative Support Services

The Board's administrative staff provides the specialized control and support essential to the administration of the Board's tax programs in legal counseling, banking and cashiering, budgeting and fiscal management, data processing, statistical research and analysis, internal audit, management analysis, mail processing, tax information, printing and supply, facilities management, personnel management, equal employment opportunity, employee assistance, and labor relations.

III. ADMINISTRATION

Legislative Analyst Robin Kulakow uses a personal computer to track the progress of legislation that concerns the Board.

Legislation

As California's major tax agency, the State Board of Equalization plays an influential role in the development of new state tax laws and policies through its analysis of, and formal testimony in legislative committees, on legislation which impacts the Board and its tax programs. The Board also provides technical assistance to the Legislature, the Governor, and the Department of Finance on legislative matters.

The Board's Legislative Unit is part of the Legal Section and is assisted by staff throughout the Board. All legislative proposals are screened to identify those bills which relate to the tax programs administered by the Board or that affect the interest of the Board. Staff from the Business and Property Taxes Departments assess the potential impact of proposed legislation on Board-administered tax programs. The Research and Statistics Division forecasts the effect of legislation on revenues, and the Management Analysis Section estimates the cost of administering the proposed legislation.

Legislative proposals of particular interest to the Board are submitted to the Board Committee on Legislation, which reviews the bills and makes a recommendation to the full Board to establish a formal Board position on the measure. The Legislative Committee also formulates the Board's annual legislative program which proposes changes to the laws in areas where administrative, technical, or policy changes are necessary.

In the first year of the two-year 1987–88 legislative session, the Board sponsored six bills. One measure would clarify the law with respect to the correction of base year values for property tax purposes. Another would require certain retailers to collect use tax and would increase the sales tax prepayment threshold from $17,000 of taxable sales per month to $50,000 per month. A third measure would make fraudulent or intentional violations of the sales tax and other business taxes felony violations. The others would make technical, clarifying, and minor substantive changes to sales tax and other business tax laws and to property tax laws.

During the first half of the 1987–88 legislative session, 4,985 bills, resolutions or constitutional amendments were introduced. The Board followed 266 measures and prepared detailed analyses of 437 proposals. As these bills traveled through the legislative process, Board staff provided information and testimony before the policy and fiscal committees of both the Senate and the Assembly.

Summaries of 1987–88 legislation affecting business tax programs may be found on page 41; property tax legislative summaries begin on page 58.

Legal Services

A staff of 35 attorneys in the Legal Section provides the legal services necessary to administer the Board's tax programs. Board attorneys serve in an advisory capacity, furnishing legal opinions to the Board, advising the 58 county assessors on the application of property tax laws, and providing the public with written and oral interpretations of the tax laws. The legal staff assists in the collection of delinquent taxes and drafts the administrative rules and regulations adopted by the Board.

Board hearing officers conduct preliminary hearings on sales tax and other business tax appeals and then prepare summaries and recommendations for action on those cases by the Board. Informal hearings are conducted throughout the state for the convenience of taxpayers. During 1986–87, 1,029 requests for preliminary hearings were filed by taxpayers under the sales tax and other business tax laws. Preliminary hearings were held by hearing officers on 638 appeals, of which 70 percent were resolved at that level. The Board heard 212 business taxes appeals during the year.

Board attorneys also assist the Board in deciding appeals from the Franchise Tax Board on personal income tax and bank and corporation tax cases. During 1986–87, the Board completed 1,714 cases, including 281 summary decisions, and issued 130 formal opinions. The latter were incorporated into a published body of material which provides guiding principles and statutory interpretations for use by taxpayers and the Franchise Tax Board staff. Approximately one-third of the taxpayers who filed Franchise Tax appeals received their requested relief wholly or partly.

The legal staff assists the Board in its valuation of privately owned public utility properties and railroad cars owned by nonrailroad companies, advises the appraisal staff and represents the staff position at state assessee hearings before the Board.

The legal staff generally acts as house counsel to the Board in all aspects of its work, and on rare occasions, when authorized by the Attorney General, acts as trial counsel. See the Litigation Section of this report for summaries of major court decisions rendered during 1986–87.

III. ADMINISTRATION

The Regulatory Process

The Board adopts rules and regulations to clarify the laws it administers for the guidance of taxpayers, county assessors, county assessment appeals boards, and the Board staff.

Rules and regulations are adopted, amended, or repealed in response to changes in the law, court decisions, or when a need for clarification is requested by Board staff, by the affected industry, or by county assessors. Since the rules and regulations adopted by the Board affect taxpayers in all types of business, the Board actively encourages public participation in their formulation beyond what is required by law.

Public participation may begin early in the process when the Board staff meets with industry representatives, county assessors, or other interested persons to discuss the draft of significant new or amended rules or regulations. Public notice of the proposed change is published by the State Office of Administrative Law in its Notice Register, a weekly bulletin of regulatory activity by all state agencies.

This publication is subscribed to by legislators, lobbyists, state and local agencies, and business and professional associations.

The Board also mails copies of the proposed amendment and information about the time and place of the public hearing to all interested parties who have requested notification of changes affecting a particular type of business. A 45-day waiting period for public comment follows publication of proposed changes.

Public hearings are conducted by the Board for all changes in its rules and regulations. The Board hears testimony at those hearings and considers comments submitted during the 45-day waiting period. If additional nonsubstantive changes are made as a result of those hearings, the revised rule or regulation is made available to the public for another 15 days before it is adopted. If changes are substantive, the rule or regulation is published again, and the public notice process is repeated. Adopted rules and regulations are filed with the Office of Administrative Law before they are incorporated into the California Administrative Code.

The Board gives additional public notice of changes in its rules and regulations by listing them in its Tax Information Bulletin, mailed quarterly to all affected taxpayers and interested parties. The Board furnishes copies of its rules and regulations upon request at no charge. Its public hearings and final actions on rules and regulations are announced through public agenda notices distributed to the media.

Statistical Research Services

Its administration of business and property tax programs gives the Board a wide range of economic data that is used to provide information to the Legislature, federal agencies and other state agencies, city and county governments, and private firms.

The Research and Statistics Division prepares revenue estimates on proposed tax legislation to assist the Board in making recommendations to the Legislature and reviews the revenue aspects of existing tax laws to help the Board maintain efficient administration of tax programs. The division also compiles a variety of comprehensive statistical reports which are available to the public.

Economic analyses and forecasts of revenues are developed for use by state and local governments. The division also prepares tax revenue estimates for proposed area annexations or incorporations, and conducts, on a fee-for-service basis, several hundred market studies each year for specific geographical areas.

AUTOMATED INFORMATION MANAGEMENT

- ***Computer Installation***

On June 15, 1986, after three years of preparation, the Board's new Burroughs B7900 computer system was installed.

The new Burroughs system includes the computer itself with 24 million characters of internal storage; 460 terminals and printers; and 365 personal computers (67 portables, 129 attached to the mainframe, and 169 stand-alones). Each of these personal computers will have its own attached printer (90 letter-quality and 275 dot-matrix). Printers in the computer room will be upgraded to include two high-speed laser printers which print not line-by-line but an entire page at a time. Initially, the computer with 12 million characters of internal storage, enough disk drives to provide 5 billion characters of storage and 209 PCs with attached printers have been installed. The remainder of

Kevin Cook (left), Associate Data Processing Analyst/Specialist, Information Management Division, and Don Buxton, Senior Staff Counsel/Specialist, Legal Section, use a personal computer to review a taxpayer's application.

the equipment will be installed over the course of the next three years. Total cost of the system, including installation, maintenance, supplies and staff training, is approximately $12.3 million.

The system offers the Board a comprehensive state-of-the-art system that can accommodate almost any job the Board needs to do. In addition, the system has enormous capacity for expansion and adaptation to the Board's future needs.

- ***Strategic Information Systems Planning***

On March 20, 1987, the Board of Equalization submitted to various state control agencies copies of a Strategic Information Systems Planning Document which was approved on April 3, 1987. The document was the culmination of the joint effort by a five-member team representing the consulting firm of Price Waterhouse and a six-member team selected from Board staff.

Within six months the planning team had met with many employees during 75 group interviews regarding Board processes; identified those areas where new or redesigned automation systems could improve the accomplishment of the Board's activities; developed strategies by which the Board could move from its current automation environment to a proposed new automation environment; and developed an implementation plan which would help the Board achieve its desired automation goals. Some key recommendations from the plan include:

—using automation to enhance the Board's relations with taxpayers

—providing on-line access to data bases from other state and public agencies and private vendors

—enhancing productivity of the tax collection effort through automation

—using automation to speed processing of tax returns

Future Information Systems Planning documents will be prepared using the techniques learned from the Price Waterhouse group.

A new program was written that accesses records from the Franchise Tax Board containing information on delinquent taxpayers who have reported dividend and interest income. This information is sent to the Board of Equalization field offices and collection procedures are instituted against these accounts.

- ***Network Administration***

There are currently 292 video terminals and 209 personal computers in place.

The number of inquiries for 1986/87 has increased to 14.1 million from 12.5 million as reported in 1985/86.

Banking and Cashiering

More than 4.1 million tax payments totaling $16.1 billion were received by the Board's Cashier during 1986–87. It is one of the three largest cashiering operations in California state government. The number of payments was 3 percent higher than during the preceding year, an increase of approximately 125,000.

The headquarters Cashier and related units process most of the tax payments within 24 hours of receipt in order to earn the maximum interest for the state. During the past year, the work shifts of the Cashier and Mail Processing units were moved to earlier starting times to meet the early afternoon bank deadlines.

Additional electronic equipment has been installed to help cope with the steady workload increase. In August 1986, the unit added three additional Magnetic Ink Character Recognition machines which speed the processing of checks for deposit. This equipment

Information Management Division Computer Operator Dennis Scharf operates the Board's 9700 Laser Printer.

Cheryl Stepp, Assistant Clerk in the Cashier's Unit, removes taxpayer returns from envelopes using the new "rapid extraction desk."

enables operators to encode the amount of each check and sort it for deposit in the appropriate bank, while providing master tapes for accounting and control purposes.

In addition to expediting deposits, the MICR equipment also reduces by 2 cents per check the banks' processing charges. During 1986, the first automatic mail opening equipment was installed in the Cashier unit and in Mail Processing, as part of the ongoing program to streamline operations that will get the money deposited more rapidly.

Personnel Management Services

The Personnel Management Division provides support and guidance necessary for effective management of human resources at the Board. Each of its five units—Personnel, Labor Relations, Equal Employment Opportunity, Training, and Employee Assistance—places primary emphasis on the service aspect of personnel management.

The Personnel Office addresses staffing needs in job classification, performance appraisal, discipline, ill and injured employees, examinations, and employee pay and benefit document processing.

By reviewing and updating job classification specifications and allocation standards, the division maintains the appropriate and consistent use of each classification within all Board units. This allows management more flexibility in hiring, training, developing, and promoting employees to meet the changing needs of the organization.

Through the Injured State Worker Assistance Program, the division helps employees with industrial and nonindustrial related illnesses or injuries return quickly to productive work by providing temporary and/or modified working conditions when necessary. The program also seeks to reduce industrial related medical and compensation costs of the Board, which run from $150,000 to $200,000 annually.

During 1986–87, the Board continued to expand its decentralized examination testing program as mandated by the State Personnel Board. Under this program, the Board is responsible for planning, scheduling and administering open and promotional examinations for its own specific classifications as well as many servicewide classifications.

During the fiscal year, the Personnel Office administered 35 open and promotional examinations and tested for 13 classifications on a continuous basis. The Personnel Office had decentralized examination authority for a total of 75 entry-level and promotional classifications. However, effective July 1, 1987, responsibility to administer promotional examinations for an additional 75 servicewide classifications will be decentralized from the State Personnel Board.

Labor Relations

The Department of Personnel Administration is developing a Flexible Benefits Program (sometimes called a cafeteria plan) to be offered to managerial, supervisorial, and other employees excluded from collective bargaining. The proposed Flexible Benefits Program is a state-of-the-art approach which offers a choice of benefits which may also provide tax advantages. An increasing number of private and public sector employers are offering Flexible Benefits Programs to their employees, allowing them to choose benefits that best suit individual needs. It will be offered on an optional basis with employees free to remain with the traditional benefit program. Implementation of the new program is expected around January 1988.

A Catastrophic Time Bank Program was adopted by the Board in December 1986 based on Department of Personnel Administration Rule 599.925. The program is designed to ease the financial burden for management employees (designated as exempt, managerial, supervisory or confidential) who have exhausted all available leave credits, due to a continuing catastrophic illness or injury to themselves or a family member. The program provides a unique opportunity for Board employees to donate official compensated time off, vacation, annual leave or holiday credits to a time bank created specifically for an affected employee.

Equal Employment Opportunity

The Board's primary affirmative action goal is to achieve and maintain a workforce of minorities, women, and persons with disabilities who represent the general California workforce. Another goal is to maintain a discrimination-free work environment.

For fiscal year 1986–87, a goal of 15 disabled hires was established, and the Board exceeded that figure by hiring 27 employees through the Limited Examination and Appointment Program. The disabled workforce composition increased from 97 to 104. Although the gain was significant, this group is still underrepresented by 66 employees.

The Hispanic group continues to be targeted because of its underrepresentation at the Board. Although 62 or 14.6 percent Hispanics were hired, this group is still 122 employees under parity. This group represents 12.7 percent of the total workforce. The Board's Statewide Recruitment Coordinator implemented an aggressive focused recruitment effort which resulted in placing 30 Auditor I and 55 Business Taxes Representative I Hispanic candidates on the hiring lists. Of these candidates, 9 Auditor I and 12 Business Taxes Representative I hires were made. These two classifications comprise 150 annual hires. Special recruitment workshops for Hispanic students were held at four colleges and universities throughout the state.

Women in nonclerical positions had a positive net gain of 82 or 6.4 percent women over the preceding year. Labor force parity for this group is 42.8. It is currently underrepresented by 19 employees. Women were hired at a rate of 38.7 and 30.3 respectively in the Auditor I and Business Taxes Representative I classes.

The Board's Statewide Recruitment Program again attracted a wide range of candidates. In the Auditor I class, 795 candidates were placed on the hiring list. In addition, 650 Business Taxes Representative I's were placed on the hiring list. Interviews were held at 18 colleges and universities.

The Board's Summer Work Program provided work experience for 100 youths throughout the state, the majority from the Board's underrepresented groups. In addition, five employees were hired through Career Opportunities Development Program.

III. ADMINISTRATION

Training

The Board training program is designed to develop employee skills, knowledge and abilities in order to provide quality service to the public, to increase productivity, and to promote self-development. Training opportunities are offered to staff at all levels of the organization, based upon employee and organizational need and available resources. The program includes on-the-job training and experience, programmed texts, and formal classroom instruction.

Training office staff develop and conduct courses which cover general skills subjects, such as time management and public relations. Courses which deal with topics of concern to supervisors and managers, such as Affirmative Action and Labor Relations, are provided. In addition, specialized courses in auditing, tax compliance, property appraisal, and data processing are designed and conducted by Board staff.

In-house training is augmented through the services of the State Training Center and other state agencies, California State Universities and community colleges, and the U.S. Office of Personnel Management. On occasion, arrangements are made for the services of private consultants. A new management development program which is goal-oriented has been implemented for Board executives and managers. The Training Office has contracted with McGeorge School of Law to develop an expert witness seminar which is to be conducted in 1987. Also, employees have participated in a Freedom From Smoking clinic presented by the American Lung Association.

Training Officer Jane Arndorfer (right) confers with Analyst Sharon Kelly, one of more than 100 Board employees who assist the Training Office in conducting courses for the staff.

Employee Assistance Program

The Board's Employee Assistance Program is designed to refer employees with problems to appropriate resources in the community. Assistance is available to employees and their families with any personal problems that affect, or ultimately might affect, their job performance or the quality of their lives. Problems include alcoholism, drug abuse, or stresses brought on by physical, mental, marital, family, financial, or legal problems.

Participation is purely voluntary, strictly confidential, and is provided free of cost. Primary functions are to assess the employee's problem, provide referrals for treatment of services, and follow up where appropriate; the staff does not provide professional diagnosis or counseling.

During 1986–87, over 250 Board employees used the program for assistance with their problems. Staff provided training and orientation for employees and supervisors statewide and out-of-state; awarded and administered backup EAP service contracts; developed an evaluative followup system; continued its child care coordination; and a variety of external activities which provided leadership and supportive assistance to organizations and state agencies for the development of employee assistance programs in state service.

Charlotte Warren (right), Employee Assistance Program Manager, and Peggy Green, Management Services Technician, acquaint Student Assistant Austin Mitchell with the program's library.

Tax Information

The Board conducts a tax information program to keep the public informed about tax matters that affect them. This is done primarily through a variety of free publications.

Almost 900,000 businesses registered with the Board receive a quarterly Tax Information Bulletin with their tax returns. This newsletter keeps taxpayers informed about changes in tax laws or regulations and describes how those changes may affect their business operations or tax reporting requirements. The Bulletin is also available to other interested parties upon request.

Tax Tips pamphlets tailored to specific kinds of business activities explain in nontechnical language the application and reporting of sales tax. These pamphlets are available at all Board offices. The Board also publishes pamphlets which contain the Revenue and Taxation Code sections of the tax laws it administers. Complete annotated copies of property tax and business tax laws, including the rules and regulations governing their application, are also available.

Special interest pamphlets include a guide to church property tax exemption; a listing of all exemptions and exclusions from sales and use taxes; and an appeals procedures pamphlet with instructions on how to obtain administrative review of property assessments made by county assessors, the Franchise Tax Board, or the Board of Equalization.

As the administrative agency of California's major tax laws, the Board is uniquely equipped to monitor economic activity in the state. Analyzing data from tax returns and county assessor reports, the Board publishes statistical reports and makes them available to the public. One of the most widely used is the quarterly Taxable Sales in California, which summarizes by location and type of business statistics on transactions subject to sales tax. The data in this publication is used by economists, consultants, the media, and planners both in and out of government to measure and analyze trends in the state's economy.

Another widely distributed report provides monthly data on gasoline consumption in California. Statistical data is also gathered and disseminated with information about other tax programs: cigarette and alcohol consumption, allocation of local sales and use tax revenues, and average property tax rates. Much of this statistical information is published by the Board in news releases to newspapers, radio and television stations, wire services, and trade publications. News releases also announce Board meetings, policy changes, changes in tax laws, and tax postponements allowed because of natural disasters.

The Tax Information Office provides prompt responses to a variety of inquiries from the public, press, Legislature, and other government agencies. All field offices are staffed with personnel qualified to answer telephone inquiries. Upon written request, the Board staff will also provide advice on the application of tax law to specific situations. Written sales and use tax advice is binding on the Board under the provisions of AB 3338 (Moore), Chapter 1728, Statutes of 1984.

Preparation and publication of this constitutionally mandated Annual Report to the Governor is the responsibility of the Tax Information Office.

A list of Board publications and instructions on how to obtain them may be found on the next-to-last page in the Appendix of this report.

IV BUSINESS TAXES

BUSINESS TAXES

The business taxes administered by the Board of Equalization are state and local taxes which deal with various types of businesses or some aspect of commerce, as distinguished from property taxes and income taxes. The major business tax administered by the Board is the sales and use tax. The sales tax was established by passage of the California Retail Sales Tax Law of 1933, effective August 1 of that year. The sales tax rescued the state from financial crisis brought on by plummeting property values during the Great Depression. Its companion tax, the use tax, was incorporated July 1, 1935 to protect California retailers from tax-free competition from out-of-state sellers.

The Board currently administers eleven business taxes which generated $16.2 billion during the fiscal year 1986–87. The cost of administering these programs averaged 78 cents for each $100 collected. All of these taxes are self-reported by persons holding permits with the Board. These tax programs are:

Sales and Use Taxes—The sales tax is imposed on retailers for the privilege of selling tangible personal property in California. The use tax is imposed on the storage, use, or other consumption of tangible personal property in this state which has been purchased from a retailer and has not been subject to sales tax. Both taxes are levied as a percentage of taxable transactions. All state and local sales and use taxes are reported to the Board on a single form. Sales and use taxes include:

State Sales and Use Tax
City and County Sales and Use Taxes
City Redevelopment Agency Taxes
Transit District Transactions (sales) and Use Taxes

Motor Vehicle Fuel License Tax—Gasoline and aircraft jet fuel

Use Fuel Tax—Diesel, propane, and other fuels used in motor vehicles

Alcoholic Beverage Tax—Beer, wine, and distilled spirits

Cigarette Tax—Cigarettes

Insurance Tax—Gross premiums of insurance companies

Energy Resources Surcharge—Electrical energy usage

Emergency (911) Telephone Users Surcharge—Telephone communication services

Moore Universal Telephone Service Act—Telephone communication services

Annual Facilities and Generator Fees—Operation of hazardous waste facilities or generation of hazardous waste

Hazardous Substance Tax—Generation of hazardous wastes

Hazardous Waste Tax—Generation of hazardous wastes

HIGHLIGHTS OF 1986–87

Prepayment of Sales Tax on Distributions of Motor Vehicle Fuel

Senate Bill 1610 was signed into law by Governor Deukmejian on June 27, 1986. This law requires distributors and brokers of motor vehicle fuel (gasoline) to precollect a portion of the retailer's sales tax liability upon the first taxable distribution of such fuel under the Motor Vehicle Fuel License Tax Law. Once the prepayment requirement applies, each subsequent seller, other than the retailer, must collect and report the prepayment from his or her purchaser at the same rate. Essentially, service station owners now prepay most of the sales tax on their sales of gasoline. The distributors report these sales to the Board on a special return. The station owners then take a credit for the prepaid amounts on their regular sales and use tax returns.

This prepayment program began on July 1, 1986, at the rate of 4 cents per gallon and was adjusted to 4.5 cents per gallon on April 1, 1987. The legislation was sponsored by the service station industry, to stop certain retailers of gasoline from evading the payment of sales taxes on their retail sales of gasoline. Certain service station owners were retaining amounts of taxes as operating profits or as a means of undercutting competition without incurring losses.

Post-Amnesty Enforcement Programs Report Continued Success

Aggressive compliance post-amnesty enforcement programs continue to be successful. A crackdown on the misuse of resale certificates at discount stores has started. Audits and investigations of gas stations have resulted in billings totaling $96.2 million in tax, interest, and penalties through the end of the fiscal year. There have been 692 audits or special billings resulting from the various post-amnesty projects, with 249 involving fraud penalties. As of June 30, 1987 a total of $123.1 million in tax, interest, and penalties has been billed under all post-amnesty enforcement programs.

New Transit Taxes

In the November 4, 1986 election, the voters in Fresno and Alameda Counties created two new transit districts. The Alameda County Transportation Authority transactions (sales) and use tax began on April 1, 1987. It is imposed at the rate of 0.5 percent. Since Alameda County is part of the San Francisco Bay Area Rapid Transit District, the total sales and use tax rate is 7 percent in Alameda County.

The Fresno County Transportation Authority began imposing a 0.5 percent transactions (sales) and use tax on July 1, 1987 in Fresno County. The total sales and use tax rate in Fresno County is now 6.5 percent. The Board of Equalization is responsible for collecting both of these transit taxes, which will be used to fund traffic and transportation improvements.

IV. BUSINESS TAXES

State Sales and Use Tax

The sales tax is imposed on retailers for the privilege of selling tangible personal property in this state at retail. The use tax is imposed upon the storage, use, or other consumption in this state of tangible personal property purchased from a retailer. Usually, the use tax rather than the sales tax applies when the property purchased is shipped from an out-of-state point to a California consumer. The sales tax is measured by gross receipts from retail sales. The use tax is measured by the sales price of the property. The rate is the same for both taxes. The law authorizes the retailer to be reimbursed by collecting the tax from the consumer.

There are numerous exemptions from the sales and use tax. The most common of these include a general exemption for food for human consumption (except hot prepared food), prescription medicine, newspapers and periodicals, and sales made in interstate commerce. The major nonretail transaction exempt from taxation is the sale for resale.

The state sales tax rate has been at 4.75 percent since April 1, 1974. The city and county sales and use taxes are imposed simultaneously with the state tax, adding 1.25 percent and bringing the total to 6 percent in most counties. With the addition of transit district transactions (sales) and use taxes, some counties have combined rates of 6.5 or 7 percent.

Every person in the business of selling tangible personal property subject to the sales tax must apply to the Board for a seller's permit. Wholesalers as well as retailers are included. There is no fee for the permit, but the applicant may be required to furnish security to assure payment of the tax. Most permit holders are required to file quarterly tax returns, but the Board may require monthly or annual reporting.

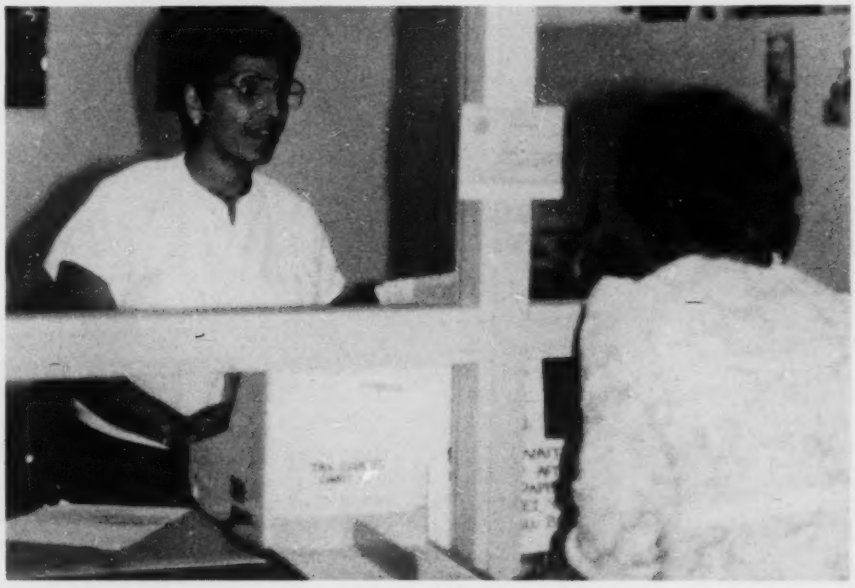
During the fiscal year 1986–87, state sales and use tax revenues totaled $10,901,096,000 a 5.7 percent increase from the previous year.

Local Sales and Use Tax

In 1955 the Bradley-Burns Uniform Local Sales and Use Tax Law was passed, which authorized the Board of Equalization to collect a 1 percent sales and use tax for cities and counties. Enactment of this law put an end to an irregular pattern of city and county taxation. By 1967 all cities and counties in the state had contracted with the Board for collection of the tax. This action equalized the rate statewide. This law currently authorizes California counties to impose a 1.25 percent sales and use tax and cities to impose a tax up to 1 percent. The city sales and use tax is credited against the county tax so that the combined rate does not exceed 1.25 percent. For the fiscal year 1986–87, the Board distributed $2,790,236,000 in local tax revenues to 58 counties and 443 cities.

The Board's Local Tax Unit is responsible for administration of the local sales and use taxes and works closely with cities, counties, and transit districts to assure the proper allocation and distribution of local taxes collected. This unit provides ongoing registration information to local taxing jurisdictions on businesses holding a seller's permit and reporting tax within their jurisdiction. Local government officials may examine Board records to verify the accuracy of the revenues that are distributed. Cities often compare their business license records with Board sales tax registration records and notify the Board about firms operating without a seller's permit. By checking the Board's registration records, the cities can also identify firms that are operating without local business licenses. The Local Tax Unit also provides estimates of potential revenues for communities considering incorporation or annexation to an existing city.

Approximately 95 percent of all tax returns filed by taxpayers are automatically processed according to an area code on the return which identifies the local taxing jurisdiction of the retailer's place of business. The other 5 percent consists of tax returns filed by taxpayers who have multiple places of business or who conduct business away from their principal location and must file schedules with their returns allocating sales to their various locations. These schedules are reviewed for completeness and accuracy. There are 45,139 accounts in



Program Technician Lucy Lascano collects fees from a taxpayer in the Board's Santa Ana office.

this category and they require special processing. Although these accounts represent only 5 percent of the total accounts they produce approximately 55 percent of the total sales and use tax revenues collected.

In 1981, cities were authorized to finance redevelopment projects by channeling sales tax revenues from sales generated within the affected areas directly to these projects. These areas share the city's funds by an agreed upon percentage. The Board allocates this money, identified by the area code, directly to the redevelopment agency. Effective January 1, 1987, the City of Huntington Park Redevelopment Agency activated its fourth redevelopment project. There is one redevelopment project in Irwindale, bringing the total in California to five as of June 30, 1987, with others in the process of formation.

Transit District Transactions (Sales) and Use Taxes

On April 1, 1970, the San Francisco Bay Area Rapid Transit District (BART) tax became the state's first transactions tax. Its purpose was to pay off bonds and notes issued for construction of the BART public transportation system. On July 1, 1987, the Fresno County Transportation Authority Transit Tax became the state's newest transit district, bringing the total number of such special transit districts to eight. These transit districts use the tax revenues for rapid transit system construction and maintenance, other public transportation support, and highway construction and improvement.

The provisions of the Transactions and Use Tax Law are similar to those of the Local Sales and Use Tax Law, with certain exceptions. The transactions tax does not apply to sales of property made to purchasers for use outside the district if it is shipped to a point outside the district. The obligation to collect the tax is limited to retailers engaged in business in the district or making deliveries into the district. Also, the transactions tax does not apply to a sale of property pursuant to a contract for a fixed price entered into prior to the operative date of the transit district ordinance.

The San Francisco Bay Area Rapid Transit District, Santa Clara County Transit District, Santa Cruz Metropolitan Transit District, Los Angeles County Transportation Commission, San Mateo County Transit District, Santa Clara County Traffic Authority, Alameda County Transportation Authority, and Fresno County Transportation Authority currently impose the transactions and use taxes at the rate of 0.5 percent.

There are two counties with a combined rate of 7 percent. Santa Clara County has both a transit district and a transportation authority. Alameda County is part of the multi-county BART District and voters approved their own county transportation commission, with a transit tax that began on April 1, 1987.

The Board administers the ordinances imposing transit district taxes and transmits the amounts collected to the respective districts. During 1986–87, the transit districts received the following amounts: San Francisco Bay Area Rapid Transit District $113,583,511, Santa Clara County Transit District $71,490,342, Santa Clara County Traffic Authority $69,091,847, Santa Cruz Metropolitan Transit District $7,820,425, Los Angeles County Transportation Commission $323,968,588, San Mateo County Transit District $28,643,517, Alameda County Transportation Authority $3,217,500.

Motor Vehicle Fuel License Tax (Gasoline and Aircraft Fuel)

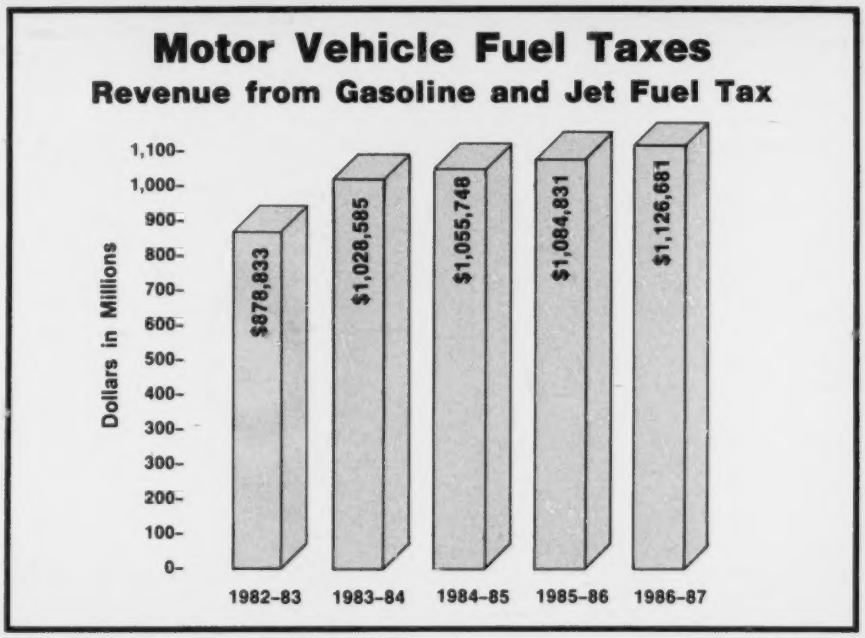
The Motor Vehicle Fuel License Tax is a major source of revenue for the State of California. Revenues from this tax are one source of funds the state uses to construct and maintain public roads and mass transit systems. Motor vehicle fuel tax collections for 1986–87 totaled $1,125,715,000 on the distribution of 12.6 billion gallons of gasoline. The current rate of tax on gasoline is 9 cents per gallon. (See the Economic Analysis Section of this report for more information on gasoline usage trends.)

This tax is imposed on the first distribution of gasoline in California. This generally means that the tax is collected by distributors when the gasoline is first sold in this state, usually after the gasoline is imported into California or refined from crude oil.

Sales of jet fuel in California to a jet fuel user are subject to the Aircraft Jet Fuel Tax which is currently 2 cents per

A BART train leaves the Rockridge Station in the East Bay for San Francisco.

gallon. A jet fuel user is a person who operates a jet aircraft in California. However, there are exemptions for sales to common carriers, the armed forces of the United States, and certain other purchasers.

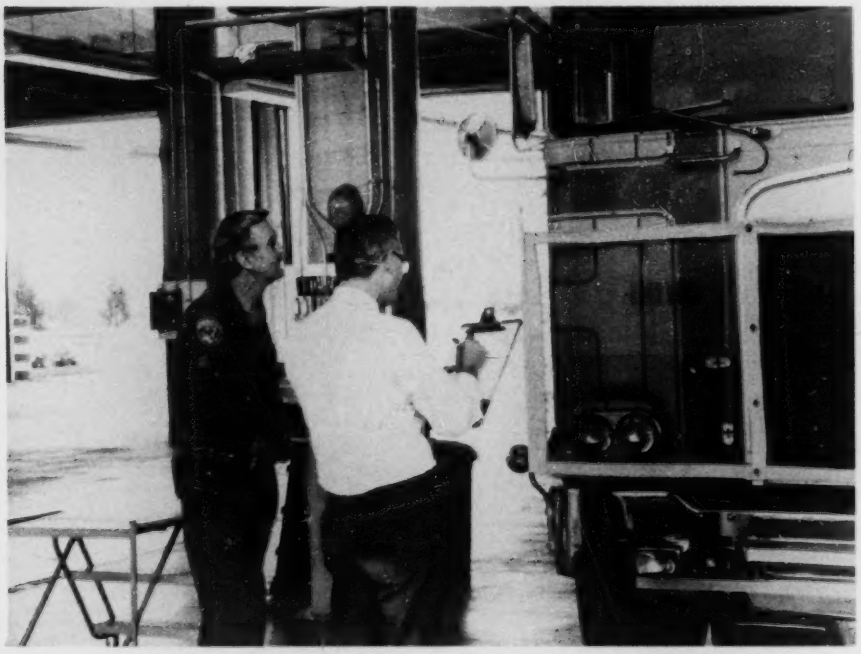


Use Fuel Tax (Diesel and Other Motor Vehicle Fuels)

The use fuel tax is imposed upon the use of fuel to propel motor vehicles. This tax does not apply to fuels such as gasoline and gasohol which are taxed under the Motor Vehicle Fuel License Tax Law, nor to fuel used for purposes other than generation of power to propel a motor vehicle on public roads. All vendors and users of fuels who are subject to this tax must obtain a permit from the Board, with the exception of persons who purchase fuel tax-paid for use in privately operated passenger vehicles. This tax does not apply to certain motor vehicles operated off the highway or to farm and construction vehicles exempt from registration. Fuel used by local school districts and certain bus operators is exempt from all but a one-cent-per-gallon tax.

The tax rate is currently 9 cents per gallon of diesel and similar fuels; 6 cents per gallon of liquefied petroleum gas, liquefied natural gas, or compressed natural gas; 7 cents per 100 feet of compressed natural gas; and 4.5 cents per gallon of ethanol and methanol containing not more than 15 percent gasoline or diesel fuels. The owner or operator of a vehicle propelled by a system using liquid petroleum gas or liquid natural gas may pay an annual flat rate based on the type or weight of the vehicle instead of the tax per gallon. The Department of Motor Vehicles informs new registrants of diesel vehicles about the permit requirements.

Fiscal year 1986–87 saw a total of $142,329,000 collected in use fuel tax from 76,152 "user" and 3,286 "vendor" use fuel tax permit holders.



Business Taxes Representative Lee Copeland of the Oakland District Office and California Highway Patrol Sergeant Martin Peterson check a user vehicle for proper permit and the bill of lading for sales tax purposes. One day's collection totaled $4,500 in penalties and over $25,000 in taxes.

Alcoholic Beverage Tax

The Alcoholic Beverage Tax Law imposes excise taxes on the sale, distribution, or importation of alcoholic beverages in California. The Board of Equalization acts in conjunction with the Department of Alcoholic Beverage Control in the licensing of distributors and the taxation of alcoholic beverages. All persons selling, manufacturing, or importing alcoholic beverages in California must register with the Department of Alcoholic Beverage Control to obtain the proper license to do business in this state. These licensees are automatically registered as taxpayers by the Board of Equalization for excise tax

purposes. Failure to adhere to either agency's rules and regulations is grounds for suspension of these licenses.

The Board of Equalization has been administering the excise taxes on alcoholic beverages since 1955, and processes all alcoholic beverage determinations, redeterminations, and refunds.

There are different tax rates for the different types of alcoholic beverages, as follows:

Distilled Spirits
- $2 per gallon—100 proof or less
- $4 per gallon—over 100 proof

Beer
- 4 cents per gallon

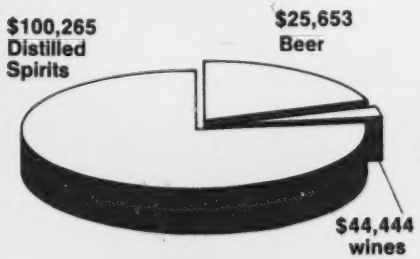
Wine
- 1 cent per gallon—14 percent or less alcohol
- 2 cents per gallon—over 14 percent alcohol content

Champagne and Sparkling Wine
- 30 cents per gallon

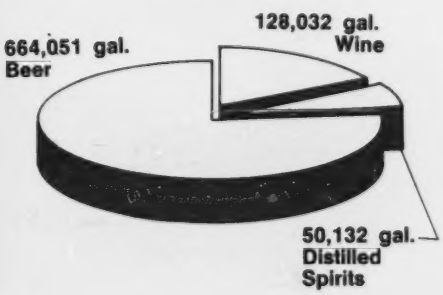
The total sales of beer and wine products in California continue to increase while the sales of distilled spirits continue to decrease. This has been the trend for the past several years and has caused the total revenue collected under this program to decrease, since the tax rate imposed on beer and wine is substantially lower than the tax rate on distilled spirits. All revenue collected from these taxes is deposited in the Alcoholic Beverage Tax Fund. (See Statistical Appendix Tables 27, 28 and 29 for more information on alcoholic beverage taxes.)

Alcoholic Beverage Tax 1986-87

Revenues (Thousands of Dollars)



Consumption (In thousands of gallons)



Cigarette Tax

Any person selling cigarettes as a distributor in California must obtain a license for each place of business where cigarettes are distributed.

Distributors of cigarettes pay the cigarette tax at the rate of 5 mills ($0.005) for each cigarette. However, this tax does not apply to the sale of cigarettes by the original importer to a licensed distributor if the cigarettes are manufactured outside of the United States.

The tax is paid to the state through the sale of tax stamps to the distributors. The stamps are available from banks which have contracted with the Board. Licensed distributors are allowed a discount of 0.85 percent of the value of the stamps. A tax stamp of proper denomination must be affixed to each package of cigarettes before it can be distributed.

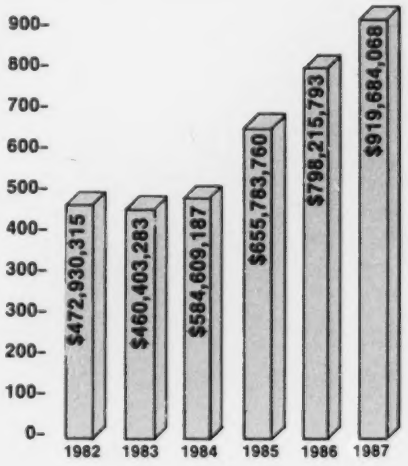
Thirty percent of the revenue collected under this tax program is allocated to city and county governments by a formula based partly on population and partly on distributions of city and county sales and use tax revenues. Cigarette tax revenues during 1986–87 totaled $252,031,000, with local governments' share amounting to $75,609,000.

Insurance Tax

Insurance companies conducting business in California are assessed an insurance tax based upon their California gross premiums. Ocean marine insurance, while excluded from the taxation on gross premiums, is taxed on underwriting profits. The insurance tax is levied against insurance companies in lieu of all other taxes except license fees and real estate taxes. Out-of-state insurers are assessed an additional retaliatory tax if the tax rate in their home state is higher than in California.

Insurance Tax Assessments

Includes Retaliatory Tax



The Board of Equalization, the State Controller, and the Department of Insurance jointly administer this tax. The Board issues all tax assessments based on information it receives from the Department of Insurance. On January 1, 1986 the rate on nonqualified premiums increased to 2.35 percent. Insurance tax assessments totaled $919,684,000 for 1986, a 15.2 percent increase over 1985 assessments. (Additional information on the insurance tax may be found in the Statistical Appendix Tables 31, 32 and 33.)

Energy Resources Surcharge

The Energy Resources Surcharge is imposed upon the consumption of electrical energy in California. Funds obtained from this tax are used to fund the activities of the California Energy Commission. Appropriations from this program are made to the California Conservation Fund, the Department of General Services, and the Air Resources Board.

This tax is imposed at the rate of two-tenths of a mill (0.0002) per kilowatt hour. The surcharge is collected from consumers and paid to the Board by the 5+ electric utilities operating in California. There are also 28 public institutions, water districts, and irrigation districts which remit the surcharge to the Board for energy purchased directly from the federal government. Energy surcharge collections during 1986–87 totaled $37,344,000. (See Statistical Appendix Table 34 for more information on the electrical energy surcharge.)

Emergency Telephone Users Surcharge

The Emergency Telephone Users Surcharge provides funds for counties, cities, and other local entities to implement and operate emergency telephone systems. In an emergency you may dial 911 for police, fire, medical, and rescue assistance from anywhere in California. During the current fiscal year the 911 system has been enhanced and even extended to remote rural areas. In some locations the system allows police and emergency vehicles to respond, even though the caller may be unable to speak.

During the 1986–87 fiscal year, the surcharge was imposed at the rate of 0.5 percent on the charges for intrastate telephone communication services. Collections totaled $40,985,000. Increased advertising by the local service suppliers in both English and Spanish has led to an even greater demand for this service. Every telephone service supplier is required to collect the surcharge from the service user at the time billings for services are collected. (See Statistical Appendix Table 35 for more information on the emergency telephone users surcharge.)

Moore Universal Telephone Service Act

The Universal Telephone Service Act is designed to meet minimum residential communications needs. The act helps local telephone companies provide basic telephone service to the elderly, the handicapped, the infirm, and low income persons. The service is available at a substantially discounted rate.

The tax was imposed upon each designated service supplier in the state, measured by the gross revenues received from intrastate telecommunications service. The tax rate, which was determined by the Public Utilities Commission, was set at 4 percent for 1985–86, but decreased to 1.5 percent for 1986–87. During fiscal year 1986–87, $48,284,000 in tax was collected under this act.

On July 16, 1987, Assembly Bill 386 repealed and reenacted the provisions of this act, transferring full responsibility for this program to the Public Utilities Commission. This legislation became effective immediately, and replaced the existing tax with a surcharge on service rates.

Hazardous Waste Tax Programs

The Board of Equalization and the Department of Health Services jointly develop, implement, and administer hazardous waste programs which promote the following waste management practices:

a) Reduction of hazardous waste generated
b) Recycling of hazardous waste
c) Treatment of hazardous waste
d) Land disposal of residuals from hazardous waste recycling and treatment

Hazardous waste programs which the Board administers include:

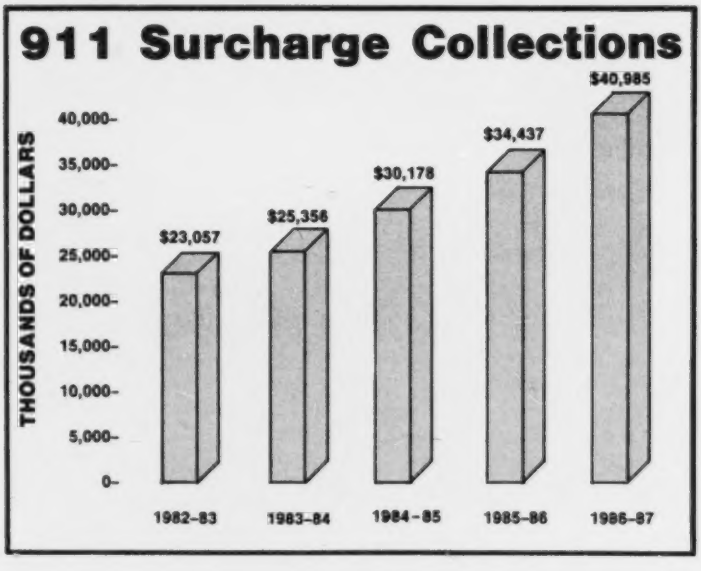
Annual Facilities and Generator Fees

New hazardous waste fees were enacted in fiscal year 1986–87. An annual facility fee was imposed upon operators of specified hazardous waste storage, treatment, and disposal facilities. "Facility" means a hazardous waste storage treatment or disposal facility including a resource recovery facility or waste transfer station, which has been issued a permit or a grant of interim status by the Department of Health Services. The fee is based on the size of the disposal, treatment, or storage facility.

An annual fee has also been imposed on generators of hazardous waste. "Generator" means a person who generates volumes of hazardous waste at an individual site and who does not own or operate a hazardous waste facility at the same site. The amount of the fee is based upon the total amount of hazardous waste generated regardless of its final disposition. The fee is due on or before January 1 of each year.

Hazardous Substance Tax

The state maintains a "Superfund" for the cleanup of toxic spills and abandoned dump sites. The Hazardous Substance Tax funds this program. This tax is imposed on generators of hazardous wastes who dispose of hazardous wastes in California. Revenues col-



lected from taxpayers in California are deposited into the Superfund. Each $1 million of hazardous substance tax revenue is matched by $9 million from the federal government's Superfund.

The tax rate is based on the method of disposal which is used. The base rate (category B, landfill) for fiscal year 1986–87 was set at $35.20 per ton. The tax rate for all other categories is calculated as a percentage of the base rate. Lower tax rates on certain categories of disposal are used to encourage disposal methods which are ecologically sound. Hazardous waste generated in the state but disposed of out-of-state is not taxed under the "Superfund" program; however it is subject to the hazardous waste tax.

Each generator of hazardous waste is required to register with the Board and to file an annual report by March 1, detailing the hazardous wastes disposed of during the preceding year. The report must show the total tonnage of hazardous waste disposal in each of the following categories:

A. Hazardous and extremely hazardous wastes that are disposed of into a surface impoundment
B. Wastes which are hazardous by both state and EPA standards and are disposed of during landfilling
C. Wastes which are extremely hazardous by state and EPA standards and are disposed of via landfilling
D. Mining waste resulting from extraction, beneficiation, and processing of ore or mineral
E. Hazardous waste residue resulting from incineration

A total of $16,390,000 in hazardous substance tax was collected for fiscal year 1986–87.

Hazardous Waste Tax

The hazardous waste tax is imposed upon all generators of hazardous waste in this state. The revenues obtained from this tax are deposited in the hazardous waste control account.

Before hazardous waste can be shipped in California, the generator must provide the hazardous waste transporter with an applicable uniform hazardous waste manifest. The generator must also send a copy of the manifest to the Department of Health Services. That department shares this information with the Board for use in its regulation and collection of the tax.

The base tax rate for fiscal year 1986–87 was $24.16 per ton. All other tax rates are percentages of this.

The rates for the period July 1, 1986 to June 30, 1987 were set at various levels ranging from $1.21 per ton up to $48.32 per ton, depending on the waste category and method of disposal. Under the Hazardous Waste Tax Law, waste generated in this state but disposed of out-of-state is taxable at the rate of $12.08 per ton. This tax is remitted to the Board on a quarterly or semiannual basis.

The total hazardous waste tax collected during 1986–87 was $24,300,600.

BUSINESS TAXES OPERATIONS

California's business tax laws are based on a system of self-assessment. The Board encourages voluntary cooperation from the almost 900,000 taxpayers in filing their tax returns, offering service and assistance to those taxpayers through 55 offices conveniently located statewide. The Board also maintains offices in New York, Chicago, Houston, and Sacramento for taxpayers who do business in California but whose records or headquarters are located in other states. A complete directory of office locations and telephone numbers is published on the last page of this report.

Anyone opening a new business or buying an established business first makes contact with the Board's staff through a field office. Board representatives issue seller's permits and provide information on how taxes apply to the type of business for which a permit is being issued. During the life of a typical business, the taxpayer will normally have infrequent contacts with Board employees, unless the taxpayer becomes delinquent in filing returns or paying taxes.

The Board's field offices are staffed by employees whose responsibilities are organized into two primary functions—audit and compliance. The audit staff conducts onsite audits of existing accounts and prepares reports of findings and recommendations for processing by headquarters audit staff. The compliance staff registers taxpayers, provides advisory services, and collects delinquent taxes.

The Board is always looking for ways to improve services to taxpayers. During the year, telephone or mail reregistration was tested in several field offices. Because of the success of the test, this service is now offered statewide to all persons currently registered, who must reregister because of a change in the composition of ownership, such as a sole proprietor taking on a partner.

Processing Tax Returns

Tax returns are reviewed and verified at Board headquarters. During fiscal year 1986–87, over 3.75 million returns were filed by California taxpayers, an increase of 7.14 percent over the preceding year. Every sales and use tax return and use fuel tax return filed with the Board is individually examined to ensure that it is correct.

Enforcement Activities

The Board's compliance staff is responsible for the equitable and uniform enforcement of the tax laws. Proper licensing of persons required to report and pay taxes is a major objective. Compliance staff personnel work in all of the Board's field offices to assist taxpayers in the preparation of their returns and to interpret tax laws and regulations.

The collection of delinquent tax payments is primarily the responsibility of field offices. Generally less than 10 percent of the business tax accounts in California require special attention. The Collections Unit at Board headquarters in Sacramento advises and assists field offices with legal collection such as bankruptcies, probate, and assignments. During the fiscal year, the Board collected delinquent accounts receivable amounting to $170,381,362 million. More than $16 million in delinquent taxes due were referred to private collection agencies for action. These ac-

counts are located outside of California, have refused voluntary payment, and have no assets in California against which collection may be enforced. Fees for such services are based on actual collections by the contracted agencies.

The Occasional Sales Use Tax Unit administers the use tax due on non-dealer sales of vehicles, vessels, aircraft and motorhomes. This unit maintains a close liaison with all state registration and enforcement agencies. The Department of Motor Vehicles collects the use tax on the Board's behalf as part of the vehicle and vessel registration process. Similarly, the Department of Housing and Community Development collects use tax on mobilehomes. If these agencies are unable to collect the tax or determine the merits of a claimed exemption, the transaction is sent to the Occasional Sales Use Tax Unit, or the Board's field offices for review. This fiscal year the Department of Motor Vehicles collected $223,200,282 in use taxes for the Board, the Department of Housing and Community Development collected $15,220,111, and the Occasional Sales Use Tax Unit collected $30,502,265, for a total of $268,922,658.

Audit Program

Most of the taxes administered by the Board are self-reported by those holding tax permits. In order to assure that permit holders report neither more nor less than the law prescribes, the Board maintains a vigorous and effective audit program. Although the Board's audit selection system is primarily designed to concentrate on the accounts which will produce the greatest amount of tax deficiency at the least possible cost, the knowledge that the program is in effect helps to minimize carelessness and evasion by the majority of the taxpayers.

Approximately 3 percent of the Board's active accounts are audited in any one year. This work is performed by 768 auditors engaged in field auditing; 646 are assigned to the California field offices, and 122 to the Board's out-of-state audit offices. The Board currently employs 97 auditors who are certified public accountants.

The audit program also provides information and assistance to taxpayers, enabling them to complete returns and pay their taxes correctly and efficiently. Interpretations of the law and related regulations, which are obtained by taxpayers during the audit process, provide them with a basis for the proper reporting of future tax liabilities. This is true whether the audit results in a no-change recommendation, or discloses understatements or overstatements of reported tax. The Board believes that a sound audit program fosters a climate of cooperation, which leads to greater accuracy in self-assessment.

During 1986–87 the Board's business taxes audit program again established a new record in disclosing net deficiencies by reaching an all time high of $414 million. Net tax deficiencies per audit hour rose from $320.07 to $379.52, while net tax deficiencies per dollar of cost were $7.09 against $6.06 for the prior fiscal year.

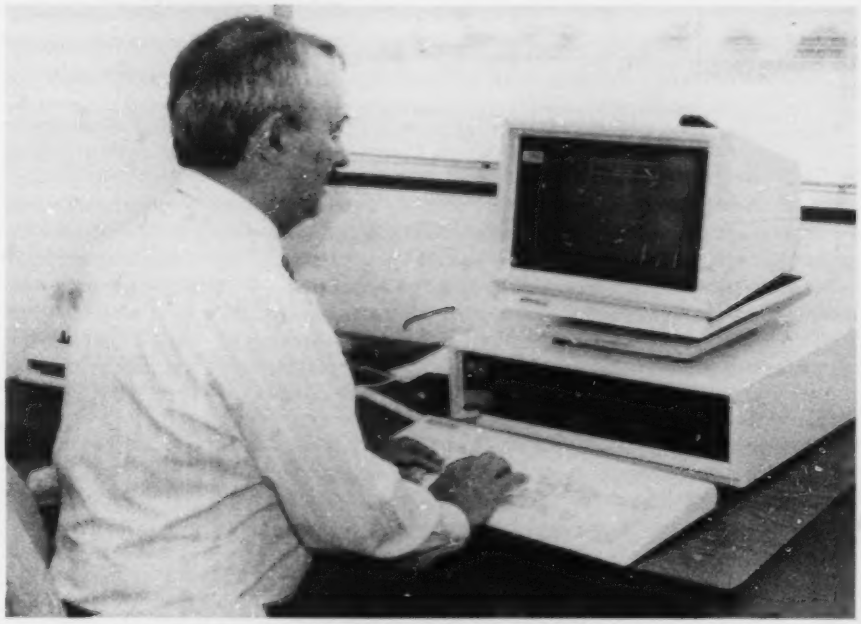
ANALYSIS OF BUSINESS TAXES FIELD AUDIT ACTIVITY
FISCAL YEAR 1986–87

Tax Program	Number of Audits	Number of Hours	Hours Per Audit	Audit Recovery	
				Net Tax Deficiencies	Refunds
	a	b	a,b	a,b,c	
Sales and Use Tax	22,843	1,066,096	46.7	$402,696,988	$17,597,744
Use Fuel Tax	525	11,727	22.3	4,396,002	411,233
Motor Vehicle Fuel License Tax	74	11,572	156.4	5,759,951	3,414,272
Alcohol Beverage Tax	17	900	52.9	1,002,367	2,194
Cigarette Tax	10	470	47.0	110,893	0
Total Business Taxes	23,469	1,090,765	46.5	$413,966,201	$21,425,443

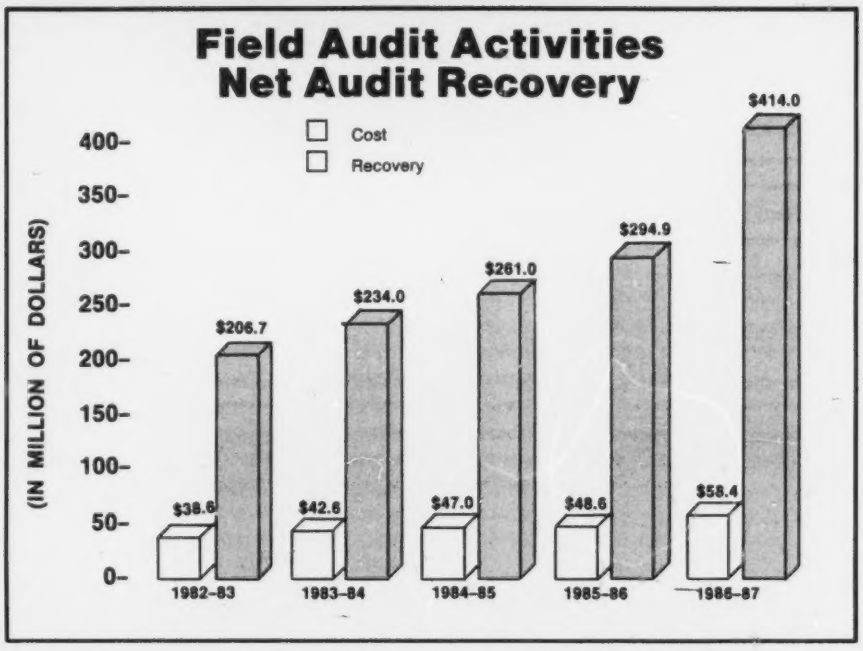
[a] Includes field billing order deficiencies based on a field investigation of a limited phase of the taxpayer's business.
[b] Includes the transmitted hours for re-audits and hours spent on field waivers.
[c] Includes audit recovery arising from state-administered local taxes.
[d] Adjusted for estimated cancellations.

Appeals Process

The Board provides an administrative appeals process for taxpayers who disagree with the results of an audit. During the course of an audit and following its completion, the Board auditor will discuss the findings with the taxpayer



Supervising Tax Auditor Raymond Harispe uses the personal computer to monitor and evaluate his Lakewood office crew's job performance.



who may present any additional information or evidence to clarify the dispute. If the taxpayer and auditor are unable to reach an agreement, a meeting will be arranged with the auditor's supervisor. If there are still points of disagreement, the district office may provide the taxpayer an opportunity to meet with a higher level Board representative for an informal discussion of the case before a billing is made.

After the billing is issued, the taxpayer may file a petition for redetermination of the audit findings. Petitions are processed by the headquarters Petition Unit which makes every effort to resolve petitions through correspondence or discussion without the necessity of a hearing. If a taxpayer desires a formal hearing, a preliminary hearing will generally be scheduled with a hearing officer from the Board's Legal Section. Agreement can usually be reached at this level; if not, the taxpayer may request a hearing before the Board. At this hearing, the taxpayer may present his or her case, supported by witnesses or documentary evidence. Following the hearing, a notice will be issued indicating the Board's decision on the tax liability. If the Board decides the tax is due, the taxpayer may file a claim for refund after paying the liability. If unsuccessful in this claim, the taxpayer has exhausted all administrative remedies and may seek redress through the judicial system.

A total of 12,076 taxpayer appeals were received during the year. Approximately 63.2 percent of these were resolved through correspondence. Hearing officers held 4,446 hearings, resolving an additional 2,849 petition cases. The Board heard 1,597 petitions not previously resolved.

BUSINESS TAXES LEGISLATION

Following is a brief summary of the bills passed by the Legislature during fiscal year 1986–87, which were significant to the Board's business taxes operations. The bill number, chapter number and effective date of each bill are shown in the summaries.

Percentage Established To Clarify The Definition of a Dry Cleaner As a Consumer of Property Used To Alter Clothing

Assembly Bill 2786, Chapter 308, Statutes of 1986: Amends Section 6018.6 of the Sales and Use Tax Law, effective January 1, 1987.

This amendment clarifies that a person must receive at least 75 percent of his or her total gross receipts from garment cleaning or dyeing services, and no more than 20 percent of total gross receipts from altering garments, during the preceding calendar year in order to qualify as a consumer of tangible personal property which will be used or furnished to alter new or used clothing.

The Board May Provide a Predecessor Information Obtained From a Successor

Assembly Bill 2786, Chapter 308, Statutes of 1986: Amends Section 7056 of the Sales and Use Tax Law, effective January 1, 1986.

The Board may provide to a predecessor, information which it obtains by auditing the business operations of the successor when the Board cannot accurately determine the correct tax liability of the predecessor because of inadequate records.

The Period Allowed For The Board To Issue a Certificate of Tax Clearance Is Reduced To 60 Days

Assembly Bill 2845, Chapter 333, Statutes of 1986: Amends Section 6812 of the Sales and Use Tax Law, effective January 1, 1987.

The Board is required to issue a certificate of clearance to the purchaser of a business or to provide a notice of the amount of tax due as a condition of issuing that certificate no later than 60 days after the latest of, (1) receipt of the purchaser's request for a certificate, (2) the date of the sale of the business or stock of goods, or (3) the date of the former owner's records are made available for audit.

The Fee For Renewal Of a Suspended Or Revoked Permit Has Been Raised To $50

Assembly Bill 3060, Chapter 1361, Statutes of 1986: Amends Section 6069 of the Sales and Use Tax Law, effective January 1, 1987.

A seller whose permit has been suspended or revoked shall pay the Board a fee of $50 for the renewal or reissuance of a permit.

A Minimum Amount Of Gross Receipts is Required To Qualify An Aircraft As a Common Carrier or a Watercraft As Used in Interstate Or Foreign Commerce

Assembly Bill 3060, Chapter 1361, Statutes of 1986: Amends Sections 6366, 6366.1, 6368, and 6368.1, effective January 1, 1987.

This act requires a minimum amount of gross receipts, $25,000, or 10 percent of the cost of the aircraft or watercraft, whichever is less, to establish that the sale or use of aircraft or watercraft sold or purchased for use in transporting for hire property or persons, is exempt from the sales and use tax.

Fresno County Transportation Authority Transit Tax Became Operative On July 1, 1987

Senate Bill 878, Chapter 301, Statutes of 1986: Added Section 7252.10 to the Transaction and Use Tax Law, effective July 14, 1986.

This act authorized a county transportation commission in Fresno County to impose a transit tax. The act required approval of the Fresno County voters, and was approved in the November 4, 1986 election.

The Exemption From Sales And Use Tax For Sales Of Organic Products And Waste Byproducts For Use As Fuel Is Made Permanent

Senate Bill 1083, Chapter 254, Statutes of 1986: Amended Section 6358.1 of the Sales and Use Tax Law, effective July 3, 1986.

This act makes permanent the sales and use tax exemption provided for organic products grown expressly for fuel purposes and waste byproducts from agricultural or forest products operations, municipal refuse, or manufacturing, which are used in an industrial facility as a fuel source in lieu of oil, natural gas or coal.

Distributors Of Motor Vehicle Fuel Are Required To Collect The Retail Sales Tax Liability In Advance

Senate Bill 1610, Chapter 214, Statutes of 1986: Added Article 1.5 (commencing with Section 6480) to Chapter 5 of the Sales and Use Tax Law, effective July 1, 1986.

Gasoline distributors and brokers are required to collect the retailer's sales tax liability in advance, upon the first taxable distribution under the Motor Vehicle Fuel License Tax Law. The initial rate was 4 cents per gallon. The act also amended Section 6471 of the Sales and Use Tax Law, exempting taxpayers from the regular prepayment requirements, provided more than 75 percent of their gross receipts are from retail sales of motor vehicle fuel subject to the newly added Section 6480 precollection requirements.

Annual Fees For Generators Of Hazardous Waste And Operators Of Hazardous Waste Facilities Are To Be Collected By The Board

Assembly Bill 4283, Chapter 1506, Statutes of 1986: Adds Article 9.1 (commencing with Section 25205.1) to the Health and Safety Code effective July 1, 1986.

Operators of specified hazardous waste facilities shall pay an annual facility fee, and generators of hazardous waste shall pay an annual fee, which will be collected by the Board.

The List Of Youth Organizations Which Are Consumers, Not Retailers of Tangible Personal Property Has Been Expanded

Assembly Bill 4364, Chapter 967, Statutes of 1986: Amends Section 6361 of the Sales and Use Tax Law, effective January 1, 1987.

Distributive Educational Clubs of America, Future Business Leaders of America, Vocational Industrial Clubs of America, Collegiate Young Farmers, Boys' Clubs and Girls' Clubs have been added to the list of specific youth organizations which are consumers, not retailers of food products, nonalcoholic beverages, or other tangible personal property produced by the organization on an irregular or intermittent basis.

Alameda County Transportation Authority Transit Tax Became Operative On April 1, 1987

Senate Bill 878, Chapter 301, Statutes of 1986: Added Section 7252.8 to the Transactions and Use Tax Law, effective July 14, 1986.

This act authorized the county board of supervisors in any of the nine county San Francisco Bay area counties to develop their own local transportation plan and impose a transit tax, upon approval of the voters. Alameda County voters approved their county transportation commission in the November 4, 1986 election.

Sales And Use Of Steam And Geothermal Steam, Brines, And Heat Are Exempt

Senate Bill 2315, Chapter 420, Statutes of 1986: Amends Section 6353 of the Sales and Use Tax Law, effective July 17, 1986.

This act codifies the long standing administrative practice of the Board to exempt steam and geothermal steam, brines, and heat when delivered to consumers through mains, lines, or pipes.

Catalogs, Letters, Circulars, Brochures And Pamphlets Consisting Substantially Of Printed Sales Messages May Be Exempt From The Sales And Use Tax

Senate Bill 2527, Chapter 1515, Statutes of 1986: Adds Section 6379.5 to the Sales and Use Tax Law effective January 1, 1987.

This act exempts from the sales and use tax the sale or use of catalogs, letters, circulars, brochures and pamphlets consisting substantially of printed sales messages for goods and services which are, 1) printed to the special order of the purchaser, 2) mailed or delivered by the seller, the seller's agent, or a mailing house acting as the agent for the purchaser, through the United States Postal Service or by common carrier, and 3) given at no cost to any other person who becomes the owner thereof.

Responsibility For Moore Universal Telephone Service Act Transferred From The Board To The Public Utilities Commission

Assembly Bill 386, Chapter 163, Statutes of 1987: Repeals Part 22 of Division 2 of the Revenue and Taxation Code and adds Article 8 to Chapter 4 of Part 1 of Division 1 of the Public Utilities Code, effective July 16, 1987.

This act continues the Universal Lifeline Telephone Service Program to ensure that low-income, elderly, infirm, and handicapped telephone subscribers will continue to have access to reliable telephone services at affordable rates. This act repealed the existing tax and required telephone corporations providing universal telephone service to apply the funding requirement in the form of a surcharge to service rates. Effective July 16, 1987, the Public Utilities Commission became fully responsible for the administration of this program.

V. PROPERTY TAXES

PROPERTY TAXES V.

HIGHLIGHTS OF 1986–87

Open-Space Land Yield Rate

The Board announced the yield rate component of the capitalization rate for open-space land in September 1986. The announced yield rate was 7.25 percent which is a reduction from the previous year's yield rate of 10.5 percent. If all elements of the capitalization method used to value open-space lands remain the same, this lower rate will result in a value increase of 45 percent to open-space land.

Dreyer's Case

The decision in the Dreyer's court case, *Dreyer's Grand Ice Cream, Inc.* v. *County Alameda,* 178 Cal.App.3d 1174 (1986), became final when a hearing was denied by the California Supreme Court. Prior to this decision, an escape assessment had to be made as of the date of discovery, and escape assessments processed for the preceding three years. The Dreyer's decision states that an escape assessment, specifically, an underassessment, must be made within four years after the date that the new base-year value was determined.

New Assessors

Fourteen new county assessors were elected during the primary or general election of 1986. A special seminar was conducted to familiarize them with the operation of the Board and to establish a good foundation for future relationships.

Propositions 58 and 60

Propositions 58 and 60 were adopted by the electorate on November 4, 1986. These new constitutional amendments provided new exclusions from the reappraisal requirements of Proposition 13. Proposition 58 excludes from the terms "purchase" and "change in ownership" the purchase or transfer of certain real property between (1) spouses and (2) parents and their children. Proposition 60 authorizes the Legislature to allow persons over 55 years of age to transfer the base-year value of their present home to a replacement home under certain conditions. Legislative bills to implement the propositions were introduced this year. Assembly Bill 47, authored by Assemblyman Thomas Hannigan, will implement Proposition 58, and Assembly Bill 60, Assemblyman Dave Elder, will implement Proposition 60.

Assembly Bill 2890

The passage of Assembly Bill 2890 (Hannigan) altered the administration of the property tax. The more important features of the new law are:

1) For the first time since the enactment of Proposition 13 in 1978, financial consequences are tied to an assessor's proper performance of mandated duties by authorizing the Board to disallow reimbursement to counties of certain monies related to the cost of administering the supplemental roll.

2) The manner in which state-assessed values are allocated to taxing jurisdictions was altered and the lien date for state-assessed property was changed to January 1.

HISTORY

The Legislature established the California State Board of Equalization in 1870 to create uniformity among the existing 52 counties in assessing property for taxation. That Board was composed of the State Controller and two members appointed by the Governor.

The State Constitution, adopted and ratified in 1879, created the Board as it is constituted today. Article XIII, Section 9 (now Sections 17 and 18), provided that the Board of Equalization was to equalize the valuation of taxable property in the counties in the state for the purpose of taxation. Article XIII, Section 10 (now Section 19), assigned the additional function to the Board of assessing railroads. By 1910, the Board's public utility responsibilities had been enlarged to include railroad car, express, telephone, telegraph, gas and electric companies.

In 1911, the State Constitution was amended to provide a Gross Receipts Tax in lieu of property taxation for public utilities. This Gross Receipts Tax was administered by the Board but the Board's role in property taxation of public utility properties was reduced. However, this Gross Receipts Tax proved inequitable when measured against the assessment of other property. In 1933, the State Constitution was amended to restore the ad valorem assessment of public utility properties.

This constitutional amendment, the Riley-Stewart Plan, also restated the scope and duties of the Board. It directed the Board to oversee local property tax, to assess annually railroads and publicly-owned utilities, and to lend technical expertise and guidance to local county assessors, the Legislature and others concerned with property taxation.

In 1934, the first of the Board's separately identified property tax divisions, Valuation Division, was established to provide value indicators of public utilities for the Board. From these value indicators, the Board establishes the value of the properties of these utilities. In 1937, the Board was assigned the administration of the Private Car Tax, the only state property tax. It is an ad valorem tax on railroad cars owned by companies other than railroads.

V. PROPERTY TAXES

In 1938, the second property tax division, the Assessments Standards Division, was created to provide appraisal and assessment advice to promote assessment equity among the 58 counties.

After World War II, the primary source of funding for social services and public education was the state's general fund. Because the allocation of funding for social services and public education was related to assessed values of property, equalization of levels of taxation among counties became a major concern. In 1949, the Legislature provided limited funds for an appraisal sampling program to measure the level of assessment in each county.

In 1966, with the enactment of the Property Tax Assessment Reform Law (Assembly Bill 80), the Legislature strengthened the Board's role as an overseer of local assessment practices. In response to scandals in some assessors' offices during the 1960s, this law mandated the certification and annual training of county property tax appraisers, the establishment of property tax rules, the publication of appraisal and assessment handbooks and a periodic in-depth review of assessment practices in each county assessor's office.

In 1976, the third of the Board's property tax divisions, the Timber Tax Division, was created with the enactment of the Timber Yield Tax Act. This conservation measure replaced the ad valorem tax on standing timber with a form of severance tax based on the amount and value of timber harvests.

In June 1978, the most drastic change in property tax assessment occurred with the adoption of Proposition 13, which added Article XIIIA to the State Constitution. This amendment limits the property tax to one percent of taxable value and allows reappraisal of real property at current market value only when there is a change in ownership or new construction. It was the Board's responsibility to interpret provisions of Proposition 13 and to instruct assessors on how to implement those interpretations.

Following are the amendments which have been enacted to modify some of the inequities of Proposition 13:

November, 1978—*Proposition 8*—Requires the enrollment of the lesser of current market value or the factored base-year value.

November, 1980—*Proposition 7*—Excludes from the definition of "newly constructed" the construction of any active solar heating system.

June, 1982—*Proposition 3*—Excludes from the definition of "change in ownership" property acquired as a replacement for property taken by government action.

June, 1984—*Proposition 23*—Excludes from the term "newly constructed" certain construction for seismic safety.

November, 1984—*Proposition 31*—Excludes from the term "newly constructed" certain fire safety improvements.

June, 1986—*Proposition 50*—Excludes from the term "change in ownership" property acquired as a replacement for property damaged in a Governor-declared disaster.

Most recently, in November 1986, two new amendments to Article XIIIA were added by the voters of California. Proposition 58 provides that the terms "purchase" and "change in ownership" should not include the purchase or transfer of: (1) real property between spouses, and (2) the principal residence and the first $1,000,000 of other real property between parents and children. Proposition 60 authorizes the Legislature to allow persons over 55 years of age, who sell their principal place of residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence. The Board is working with the Legislature to develop implementing legislation for these two amendments. Once these legislative measures, Assembly Bill 47 for Proposition 58 and Assembly Bill 60 for Proposition 60, become law, the Board will assist and guide assessors in carrying out the expressed desires of the electorate.

In 1983, another major change in the property assessment procedure occurred with the enactment of Senate Bill 813 (Chapter 498, Statutes of 1983), an omnibus educational reform and school finance bill. As part of this school finance package, this legislation calls for accelerated collections of property taxes. Under its provisions, whenever a reappraisable event occurs, the assessor must prepare a new appraisal as of the event date. The assessor then places on the supplemental roll the difference between the new appraised value and the taxable value on the roll. Any increase in value will result in additional taxes prorated from the event date to the end of the fiscal year. If there is a reduction in value, a refund is processed and prorated accordingly. Instead of a one-time annual roll with a March 1 lien date, the assessor now must prepare two rolls, the regular annual assessment roll and a continuous supplemental roll. The constitutionality of this legislation was sustained in *Shafer* v. *State Board of Equalization,* 174 Cal.App.3d 423 (1985).

PROPERTY TAX PROGRAMS AND FUNCTIONS

An Assistant Executive Secretary directs the operation of the Property Taxes Department of the Board, which is composed of three divisions: Assessment Standards, Valuation, and Timber Tax.

The Assessment Standards Division assists and monitors the assessment practices of the 58 county assessors' offices. Field offices for this division are located in Fresno, Hayward, Orange, and Sacramento.

The Valuation Division provides value indicators for railroads and public utility companies for use by the Board in its annual assessment of these companies. This division also provides value indicators for the Private Railroad Car Tax. The Valuation Division maintains field offices in Hayward, Orange and Sacramento.

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Richard Johnson, Associate Property Appraiser, instructs students in a property appraisal course. During the year, well over 1,000 state and county appraisers attended 51 sessions of the 16 formal courses presented by the Board's Assessment Standards Division. Nine special workshops were attended by another 235 students.

The Timber Tax Division registers qualifying taxpayers, collects the timber-harvest tax, audits taxpayer records, develops the harvest value schedule, and prepares the data for distribution of the revenue collected. The Timber Tax division field offices are located in Eureka, Redding, and Sacramento.

ASSESSMENT STANDARDS DIVISION

Technical Assistance

The Assessment Standards Division provides technical expertise and guidance to county assessors, the Legislature, and others concerned with property tax assessments through advisory Letters to Assessors, individual responses to specific inquiries, the Assessors' Handbook, and special topic surveys.

The Letters to Assessors interpret rules, laws, and court decisions on property tax assessment to assessors and other interested parties. The letters include summaries of court rulings, legal opinions, highlights of enacted legislation, property tax rules, and technical bulletins on assessment problems, such as supplemental assessments, mobilehomes, changes in ownership, Section 11 properties, (lands owned by local governments that are outside their boundaries) co-generation plants, exemptions, open-space properties and others. There were 110 advisory letters issued in 1986–87.

One advisory letter announced the open-space yield rate that the Board is required to publish annually. The rate announced for this year was 7.25 percent compared with last year's rate of 10.5 percent. If all elements of the open-space valuation approach remain the same, this reduction in the yield rate will result in a value increase for open-space properties of approximately 45 percent.

Another advisory letter discussed the impact of *Dreyer's Grand Ice Cream* v. *County of Alameda,* 178 Cal.App.3d 1174 (1986) on escape assessment procedures. Basically, this decision prevents an assessor from enrolling an escape assessment based on an adjustment to an underassessment to a post-1975 base-year value of property, when that adjustment is made more than four years after the date for which the base-year value was determined. This decision by the first appellate district court became final when the California Supreme Court denied a rehearing appeal.

The Board replies to inquiries from the assessors, legislators, taxpayers, and other interested parties and responds to all letters written to the Governor on property tax issues. The inquiries range from general property assessment to technical appraisal questions to legal interpretations of the Revenue and Tax-

Bernadette Cordes, Office Assistant II, updates the training files for the Assessment Standards Division.

ation Code. Approximately 2,200 individual responses to inquiries were written in 1986–87.

Another form of assistance provided by the Board is the publication and maintenance of the Assessors' Handbook. This handbook is a compilation of manuals on many assessment topics for the guidance of the assessor and his/her staff. This handbook is constantly being revised with legislative changes and changes in the appraisal and assessment systems. During the 1986–87 fiscal year, the revised sections included the equipment index factors, aircraft valuation data, and the standard form list sections. The residential, commercial, and industrial replacement cost factors were updated as a result of field research into current construction costs.

As provided in Section 15640 of the Government Code, the Board is authorized to publish special topic surveys on statewide assessment practices. These surveys generally deal with single issues of particular concern to the Board, the assessor, and the Legislature. To date, the following special topic surveys have been published: New Construction; Change in Ownership; Assessment of Open-Space Properties; Assessment of Oil- and Gas-Producing Properties; Assessment of Mobilehomes; Assessment of Possessory Interests; Assessment Appeals and Audit Program. Additional questionnaires have been developed for the following issues: Confidentiality of Assessors' Records and Taxable Government Properties Outside its Boundaries.

Seven exemption forms that are required to be used by all county assessors were revised during the year: the exemption of certain aircraft, disabled veterans' exemptions, veterans' exemptions, homeowners' exemptions, religious exemptions, and welfare exemptions. Variations of the property statement form were revised, and addenda to the preliminary change-in-ownership report form are being developed to conform with the requirements of Propositions 58 and 60.

Assessment Practices Surveys

The Assessment Standards Division conducts Assessment Practices Surveys of county assessor offices. Mandated by Section 15640 of the Government Code, the surveys are designed to "determine the adequacy of the procedures and practices employed by the county assessor in the valuation of property for the purposes of taxation and in the performance generally of the duties enjoined upon him or her." The surveys are currently being conducted on a five-year cycle and, to comply with legislative direction, the reviews concentrate on revenue-related issues and statutory violations.

The survey program contains two basic elements: a sampling of the local assessment roll and an audit of the county assessor's procedures and practices following the sampling procedure.

The Board's sample appraisal program is designed to provide a representative sampling of the assessment rolls, both secured and unsecured, to determine how effectively the county assessor is identifying those properties subject to revaluation, and how well he/she is performing the valuation function. Pursuant to legislation, (Assembly Bill 2890, Chapter 1457, Statutes of 1986) the results of the sampling program are used to determine whether a county has achieved an average level of assessment of at least 90 percent (or 95 percent for counties in which surveys were started after January 1, 1987) of the statutorily required level. A county must achieve at least a 90 (or 95) percent level in order to be reimbursed for certain administrative costs.

The sampling program is conducted as follows: a stratified random sample of the local assessment roll is drawn and the items categorized according to value and assessment type. The properties are then appraised by Board appraisers following laws and rules that are current for the roll being sampled. Differences between Board-found taxable value and county assessments are then reviewed with the county assessor and unreconcilable value differences are statistically expanded to determine their final impact upon the entire county tax roll. The data derived from the entire sample is then summarized and given to the assessment practices survey team prior to the commencement of the second portion of the survey process, the office audit of the county assessor's procedures and practices.

One of the primary functions of the audit survey crew is to investigate the differences disclosed by the sample data, determine the cause and significance of the differences, and recommend changes in procedures that will reduce or eliminate the problem area whenever the changes are cost effective or are required by legal mandate. Although the analysis of the sample statistical data is an important part of the survey procedure, the survey crew is not limited in its review; the team may examine all aspects of the county assessor's program, although problems related to administrative, personnel, or systems functions are only addressed if they can be associated with revenue generation.

Once the survey team's field review is completed, a survey report containing an analysis of the sample statistical data and recommendations for assessor's program improvements is prepared and transmitted to the county assessor. The assessor then has 90 days to respond to the report in writing if he/she wishes to incorporate the response in the published survey report. If the county assessor exercises this option, the Board may also incorporate a response to the assessor's comments in the published survey report. If the assessor chooses not to exercise this option, he must file a written response to the report with his county board of supervisors within one year of publication. The Board's final report is distributed to the Governor, Senate, Assembly, Attorney General, county assessor, county board of supervisors, county grand jury, county assessment appeals board, and may be sent to other county assessors and interested parties upon request.

During the 1986–87 fiscal year, Contra Costa, Fresno, Glenn, Humboldt, Inyo, Kings, Los Angeles, Mendocino, San Bernardino, Siskiyou, Solano, and Yuba Counties' assessment rolls were sampled, while assessment practices survey reports were published for Amador, Santa Barbara, Santa Cruz, Sacramento, Monterey, Calaveras, and Placer Counties.

Legal Entity Ownership Program

The Board's Legal Entity Ownership Program (LEOP) was created by Chap-

ter 1349 of the Statutes of 1980 (Assembly Bill 2777) and Chapter 1141 of the Statutes of 1981 (Assembly Bill 152), to discover changes in control of legal entities, such as partnerships and corporations, and to advise counties that the entity's real property in their county has changed ownership.

The law requires the assessor to reappraise real property whenever a change in ownership occurs. Changes in ownership include changes in control of corporations, partnerships, and other legal entities. Because such changes in control are not accompanied by the filing of legal documents in the local recorder's office, it is very difficult for the local assessor to discover those changes.

The Franchise Tax Board includes change-in-control questions of legal entities on its income tax returns. The Franchise Tax Board notifies the Board's LEOP Section of all potential changes in control. LEOP submits a questionnaire to all legal entities that own real property in California that responded affirmatively to the question on the income tax return. If it has been determined that a reappraisable change in ownership has occurred, the LEOP Section will notify each county in which the legal entity owns or controls real property of a change in ownership. The Board also recommends the imposition or abatement of the penalties for failure to file a response to the Board's request for data on a change in ownership for legal entities.

During the 1986–87 fiscal year, almost 40,000 initial questionnaires were sent to legal entities by the LEOP Section, resulting in the reassessment of approximately 10,000 properties.

Property Tax Exemptions

The California Constitution provides that all property, both personal and real, is taxable unless specifically exempted by federal or state law. Property exempted by federal law is immune from taxation. In addition to exemptions specified in the California Constitution and the Revenue and Taxation Code, the Legislature has mandated certain restricted assessments and partial exemptions.

There is a fundamental difference between exemptions of real property and personal property. Exemptions of real property must be contained in either the California Constitution or in a constitutional amendment. Thus, only the electorate can exempt real property. However, personal property can be exempted by a two-thirds vote of both legislative houses.

In general, there are two types of exemptions. The first requires the taxpayer to file a claim form, such as the homeowners', veterans', college, and welfare exemptions. Filing such claims can be a one-time or a recurring annual requirement. The second includes those that do not require the filing of a claim, such as household furnishings, personal effects, growing crops, and business inventories.

Exemptions vary in the amount and the length of the exemption. Some, such as the homeowners', exempt an amount fixed, but not to exceed, the market value of the property. Others exempt a percentage of the market value, such as the assessment of certain documented commercial fishing vessels. In some cases, such as newly planted orchards and vineyards, there is a total exemption for a fixed period of time, after which the property becomes fully taxable.

Most of the exemption program is administered locally by the county assessor. The Board reviews the assessor's administration of the local exemption programs to ensure accuracy and adequacy and provides advice and instruction. However, for the welfare exemption, the Board works directly with the assessors' offices. The welfare exemption is granted to property owned by nonprofit organizations engaged in religious, hospital, scientific, or charitable activities. After a claim is filed with the assessor, it is forwarded to the Board with the assessor's comment for review. The Board recommends granting or denying the exemption claim. The county may deny an exemption that is approved by the Board, but it cannot grant an exemption denied by the Board. When requested, the Board holds hearings on claims it has denied. During the 1986–87 fiscal year, the Board reviewed about 8,000 claims involving a total of over 14,000 properties. The Board also assists the counties by acting as a clearinghouse for the homeowners' exemption claims, to prevent multiple claims throughout the state for the homeowners' exemption.

The Constitution and the Revenue and Taxation Code also provide for restricted assessments which result in partial exemptions. Properties in this category include timberland, open-space properties, historical properties, and taxable government property located outside its boundaries.

To offset revenue loss to the counties associated with restricted assessments and exemptions, the state is required to pay subventions to the counties for some of these exemptions, such as the homeowners'.

Appraiser Certification and Training

Revenue and Taxation Code, Section 670, requires that any person employed by a county assessor or by the Board of Equalization to make value judgments must be certified by the Board of Equalization. The code also requires that appraisers receive sufficient training each year to increase their appraisal skills and to learn changes in the property tax laws. Permanently certified appraisers must receive 24 hours of training each year, conducted by or approved by the Board of Equalization. Appraisers who have advanced certificates must undergo 12 hours of training each year.

To meet the objectives of the law, the Board staffs a Certification and Training Unit within the Assessment Standards Division. During the 1986–87 fiscal year, the unit granted permanent certification to 147 beginning level appraisers and advanced certification to 100 experienced appraisers who completed either a course of study or passed a special examination.

The Certification and Training Unit coordinates formal appraisal courses, workshops, and seminars to help the appraisers improve their knowledge and skills while meeting the training requirements. During the 1986–87 fiscal year, 1,020 appraisers attended the 51 formal courses conducted by the unit. Approximately 235 appraisers and clerical personnel also attended nine special topic workshops and seminars. The training unit approved requests for

credit toward the requirement of courses and seminars conducted by community colleges, professional organizations, and assessors' in-service training programs.

In addition, the appointed and newly elected assessors were invited to a special one-day seminar conducted by the Board, which discussed the operation of the Board as well as general and specific areas where the Board and the assessors' offices will have contact.

Contract Audit Program

Any taxpayer owning business property having an aggregate market value of $200,000 or more, excluding land and structures, must be audited every four years by the assessor of the county in which the property is located. Many of these taxpayers maintain accounting records out-of-state and may have property in more than one county in California. Because it is not cost-effective for each county to send staff to distant locations to audit only the portion of the taxpayer's business records affecting that county, several counties have formed cooperatives to handle these audits both within California and out-of-state.

The Board offers the counties a similar audit program through a contract arrangement. Since the Board maintains permanently staffed business tax field offices in Chicago, New York, and Houston, the use of Board tax auditors saves travel expense. During 1986–87, eight counties contracted with the Board for complete mandatory audits. Board staff completed 38 contract audits during the year.

A related program administered by the contract audit manager is the use of out-of-state Board auditors to complete one-year sample audits for the Assessment Standards Division. Nineteen sample audits were completed under this program in 1986–87.

Gene DuPaul, Principal Property Appraiser, and Claudia Tendal, Associate Property Appraiser with the Board's Valuation Division, conduct a field inspection of the San Onofre nuclear power plant in San Diego County. Findings are used in the Board's annual valuation of privately owned public utilities and railroads for local property taxation.

VALUATION DIVISION

State-Assessed Properties

The Valuation Division is required by Article XIII, Section 19 of the California Constitution to prepare value indicators and recommendations for consideration by the Board in its annual assessment of the following types of property:

1. pipelines, flumes, canals, ditches and aqueducts lying within two or more counties;
2. property, except franchises, owned or used by regulated railway, telegraph, or telephone companies, or railroad car companies whose cars are used on railways within the state;
3. property owned by companies transmitting or selling gas or electricity within the state.

The assessments made by the Valuation Division collectively make up the state-assessed property tax roll. The total value of the 1987–88 state-assessed roll is $67.3 billion, up 5.2 percent from the previous fiscal year. This roll will generate approximately $710 million in local property tax revenues.

Property values on the state-assessed roll are allocated by the Board to the counties where the property is physically located. The counties tax the state-assessed property within their jurisdiction at the same rate as locally assessed property—approximately 1 percent of assessed value plus a small amount for outstanding bonded indebtedness. In 1986–87, the statewide average local property tax rate was 1.074 percent. The tax revenues are allocated to the cities, counties, school districts, and special districts. The state benefits through reduced subventions to the schools.

State-assessed property is classified as either unitary or nonunitary. Unitary property consists of assets used by an assessee in its primary business that are valued as an operating unit. Nonunitary property consists of all other assets owned or used by an assessee that are valued separate from the operating unit.

Nonunitary property can have various uses, such as grazing, farming, commercial, or industrial usage. Like unitary property, nonunitary properties are assessed at 100 percent of market value, except for open-space lands.

In preparing value indicators, the Board relies primarily on three indicators of value: historical cost less depreciation, income, and stock and debt. The staff also provides the Board with replacement cost figures and, in some cases, figures derived from comparative sales analyses.

During the 1986–87 fiscal year, the Valuation Division staff prepared estimates of market value for 251 state assessees: 13 electric companies, 179 telephone companies (including radio and cellular telephone companies), 31 pipelines, and 28 railroads. In addition, the staff prepared appraisals of 247 private railroad car companies to be taxed by the state under the Private Railroad Car Tax Act.

The Board's appraisal methodology and the level of assessments of rail transportation properties are under long-term federal litigation based on the Federal Railroad Revitalization and Regulatory Reform Act (4R Act). On April 28, 1987, the United States Supreme Court in *Burlington Northern Railroad Company* vs. *Oklahoma Tax Commission* decided that the federal courts are empowered to hear and decide valuation issues. These cases will now return to the federal district court for implementation and resolution of the issue concerning the assessment ratio to be applied to each of the years involved. The outcome of these cases will have significant impact on the level of assessments of rail transportation properties. (See Statistical Appendix Tables 12A and 12B for assessed values of individual utility companies.)

January 1 Lien Date

The enactment of Assembly Bill 2890 (Chapter 1457, Statutes of 1986) made significant changes in the assessment of state-assessed property, including changes in statutory dates aimed at accelerating the roll preparation process. Important new statutory dates are (1) January 1 lien date (prior lien date was March 1), (2) March 1 deadline for state-assessees to file property statements (30 days earlier than prior law), and (3) July 31 as the last day to transmit final Board rolls to county auditors (19 days earlier than prior law).

Assembly Bill 2890 greatly altered the Board-established method for allocating assessed values. Formerly, the Board allocated the unitary and operating nonunitary value countywide rather than to the individual tax rate area. The county auditor would then allocate the assessed value to the various revenue districts based on a legislated formula that retained a base-assessed value equal to previous years, but allocated any growth among all districts countywide. Nonoperating nonunitary property assessments continue to be allocated to the tax rate area where it is situated. This change in allocation greatly reduced the reporting requirements of the companies.

Soon after the adoption of this measure, it was suggested that even greater simplification could be achieved if the

TABLE A
GENERAL PROPERTY TAX: ASSESSED VALUE OF TANGIBLE PROPERTY, TANGIBLE PROPERTY TAX LEVIES, AND AVERAGE TANGIBLE PROPERTY TAX RATES, 1977–78 TO 1987–88

	Assessed Values[a]				*Property Tax levies*[b]		*Average Property Tax Rate (in percent)*		
Fiscal Year	*Gross (000 omitted)*	*Annual Change As %*	*Net Taxable*[f] *(000 omitted)*	*Annual Change As %*	*Amount (000 omitted)*	*Annual Change As %*	*Nominal*[d]	*Amount Effective*[e]	*Property Tax Relief*[c] *(000 omitted)*
1977–78	$109,390,134	13.8	$96,263,695	15.0	$10,276,725	9.6	10.68	2.47	$1,425,570
1978–79	119,542,405	9.3	105,547,349	9.6	5,035,896	−52.2	4.79	n.a.	786,858
1979–80	135,715,402	13.5	120,766,684	14.4	5,661,081	12.4	4.69	n.a.	988,916
1980–81	147,923,741	9.0	137,570,471	13.9	6,360,276	12.4	4.63	n.a.	1,337,588
1981–82	672,280,561[g]	13.6[g]	628,789,188[g]	14.2[g]	7,185,005	13.0	1.144[g]	n.a.	1,314,372
1982–83	752,571,724	11.9	707,690,851	12.6	8,007,037	11.4	1.131	n.a.	1,347,377
1983–84	814,164,230	8.2	767,806,601	8.5	8,634,771	7.8	1.126	n.a.	1,129,181
1984–85	897,322,118	10.2	848,937,474	10.6	9,437,483	9.3	1.113	n.a.	946,929
1985–86	988,036,052	10.1	938,411,637	10.5	10,274,050	8.9	1.096	n.a.	918,059
1986–87	1,080,081,614	9.3	1,027,995,266	9.5	11,125,581	8.3	1.083	n.a.	919,487
1987–88	1,189,222,599	10.1	1,133,835,180	10.3	n.a.	n.a.	n.a.	n.a.	n.a.

[a] Includes locally taxable state-assessed property, but excludes the railroad rolling stock of companies other than railroads, which is subject to a state property tax in lieu of local taxes. Gross values include all exempt values for which exemption claims are required (except cemeteries) and the exempt value of business inventories prior to 1980–81 when such property became totally exempt (see footnote f); net taxable values exclude these exemptions. For further detail, see Appendix Tables 4–17B.

[b] Excludes ad valorem special assessments through 1977–78, but includes them beginning in 1978–79 following Proposition 13. Property tax relief payments by the state to local governments, sometimes viewed as state payments of property taxes, are also excluded.

[c] Includes state payments to local governments for all reimbursable exemptions, plus senior citizens' tax assistance and special supplemental subventions. During 1986–87 the state allocated the following amounts to local governments to cover these: homeowners, $338,855,073; renters, $472,400,015; open-space lands, $14,899,205; senior citizens total, $36,307,525 (property tax assistance, $11,611,794 and renters' tax relief, $24,695,731); special supplemental subventions, $56,880,140 and other, $145,458. These amounts total $919,487,416. Reimbursements for the exemption of business inventories were eliminated beginning in 1984–85.

[d] Property tax levies divided by assessed values representing varying percentages of market value.

[e] Property tax levies divided by the estimated market value of net taxable properties. Beginning with 1978–79 an effective tax rate can no longer be calculated, since assessed values are not based on market values.

[f] The growth in net taxable valuation was sharply reduced by the homeowners' exemption ($750 of assessed value from 1969–70 to 1972–73 and $1,750 beginning in 1973–74), and the business inventory exemption (15% of assessed value in 1969–70; 30% during 1970–71 to 1972–73; 45% in 1973–74; 50% from 1974–75 to 1979–80; and 100% beginning in 1980–81). For 1987–88 the homeowners' exemption accounted for $31,222,301,000 of assessed value.

[g] The ratio of assessed value to taxable value was changed to 100 percent (from 25 percent) beginning with the lien date of 1981–82. The percent change was computed after factoring the 1980–81 valuations to 100 percent of value.

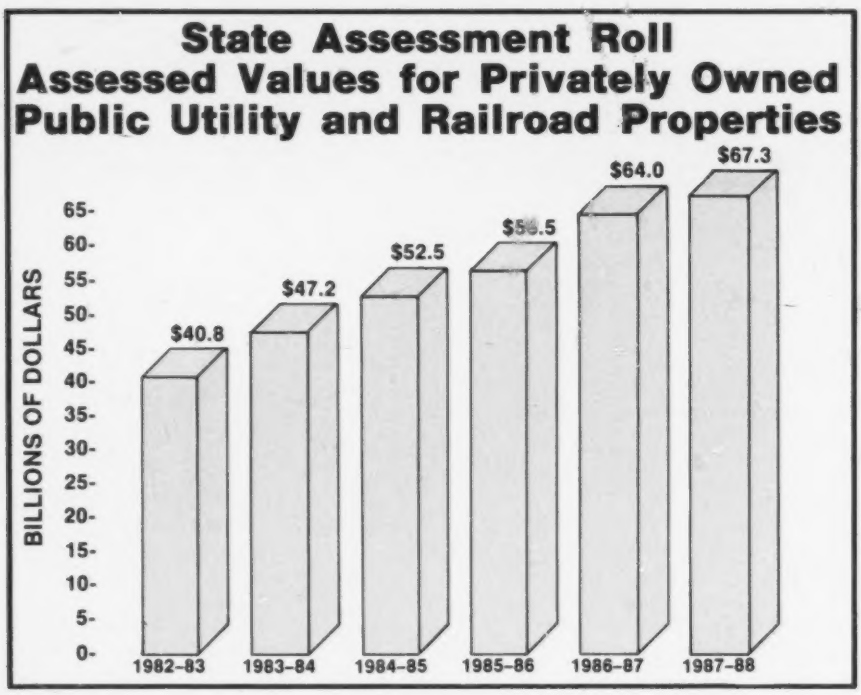
n.a. Not Available.

single assessed value ascribed to the county for the unitary and operating nonunitary property of an assessee were taxed on one bill using last year's average tax rate, with the revenues distributed among the revenue districts in much the same way as assessed values were under Assembly Bill 2890. Assembly Bill 454, now before the Legislature, accomplishes this further simplification for both county government and the state assessees. The one exception is for regulated railway companies. They will have their base unitary assessed value allocated as the 1987–88 unitary value was allocated statewide with all growth allocated on a track-mile basis.

Delineator Julie Baird adjusts district boundaries to reflect recent changes in the map of Butte County.

Private Railroad Car Tax

The tax on privately-owned railroad cars is the only property tax that is directly levied, collected, and retained by the state. This state property tax is based on the value of the cars, the length of time they remain in the state, and the average statewide property tax rate for the previous year. Railroad cars subject to this tax are owned by companies that haul their own products, lease cars to other shippers, or provide a fleet of cars for a fee. Cars owned by railroad companies are not subject to this tax since they are assessed in the unitary values of the railroads and are subject to the local property tax.



To determine the amount of private railroad car tax due, the Board determines the average number of each class of railroad car physically present in California during the year. The value per car, ascertained by staff appraisal, is multiplied by the number of cars, to arrive at the total assessed value for the company. The preceding year's statewide average property tax rate is applied to the assessment to arrive at the total tax due.

The private railroad car tax is the only property tax retained by the state. Revenues from the private railroad car tax are collected by the Board for deposit in the state's general fund. In the 1986–87 tax year, levies totaled $4,775,000, including an amount of $1,675,000 that is awaiting resolution of litigation brought against the Board.

To conform to the accepted practice of separating tax assessment from tax collection, the responsibilities of billing, collecting, and issuing refunds of the private railroad car tax were transferred to Property Taxes Administration.

In 1986, the California Court of Appeal upheld the decision of the San Francisco Superior Court which ruled in the Board's favor in the private railroad car tax cases brought by the Trailer Train Corporation for the years 1977

through 1980. The decision sustained the Board's appraisal methodology, which rejected a capitalized earnings valuation on the ground that the assessee's income level was not normal for this business. The choice of a reproduction cost approach was held to be within the authority of the Board. A petition for hearing was denied by the California Supreme Court and the case became final on September 10, 1986.

Tax-Rate Area Mapping Program

The Board employs a tax rate area system, which is also utilized by the counties, in order to properly allocate the property value of continuous structures such as railroad track, transmission wire, pipelines, and other similar properties to appropriate taxing jurisdictions on the tax roll. The system assigns a number to every geographical area in the state and the taxpayer is required to report subject properties in these numbered tax-rate areas for assessment on the Board roll. The portion of the tax roll that pertains to a county is delivered to that county auditor in August each year and the auditor, in turn, extends and collects the taxes. The auditor then distributes the revenues to the county, cities, and school districts. There are more than 8,000 taxing jurisdictions defined as "revenue districts" which include every city and district for which the county officers assess and collect taxes.

Locally-assessed properties conform to the same reporting requirements. The county auditor's job of allocating property tax revenues is greatly simplified because both the Board roll and the local roll follow the same coding system.

The boundaries of taxing jurisdictions overlap in every conceivable manner, forming clusters of properties served by common revenue districts with each having a common tax rate and distribution of property tax revenues. A coding system has been devised which translates this complex geographical configuration into a six-digit tax-rate area code that identifies every area where there exists a unique combination of overlapping revenue districts. As of January 1, 1987, there were 48,196 tax-rate areas, an increase of 5.2 percent over the previous year.

Whenever a revenue district is created or territory is annexed to or detached from an existing district, a map, legal description, and other information must be filed with the Board. Staff delineators then plot the new boundaries on a statewide map system and assign the appropriate tax-rate area code(s). Prints of the revised maps are distributed to the state assessees and county assessors who are affected by this change. During fiscal year 1986–87, the Board's staff processed 2,145 jurisdictional changes.

The maps maintained by the Board are used to certify to the Bureau of the Census the boundaries of California's cities. The Board's Executive Secretary is designated as the state official responsible for the certification of local government boundary changes. This information is required to maintain accurate census records and to direct the proper distribution of federal revenue sharing funds. Most importantly, the Board's tax-rate area maps comprise the only statewide mapping system of local government jurisdiction.

Auditing Financial Records of Utility Companies

The Valuation Division conducts audits to verify the property statements of utility companies and to collect relevant data to determine taxability, situs of taxpayer properties, and the value of the property. From the date of filing, there is a four-year statute of limitations to review the tax records. Most of the audits concentrate on major companies but some audits are precipitated from

Logs from the El Dorado National Forest timber sale are loaded onto a truck for shipment to a local sawmill.

V. PROPERTY TAXES

Frank Wilson, Senior Forest Property Appraiser, Timber Tax Division, examines a sugar pine stump to determine age, during a timber harvest in Placer County.

information provided by staff appraisals, and from the determination of the Property Tax Department management.

Organized in 1977, the audit unit of the Valuation Division has recovered escape assessments of approximately $1.7 billion that generated a total of $19.7 million in additional local tax revenues. For 1986–87, the Board adopted escape assessments of $58 million. Because escape assessments enhance the value of the company, the discovery of escape assessments by Board auditors results in added revenues for local governments every year after the escapes are adopted. This in turn reduces the burden on the state's general fund since any shortfall in the property tax which goes to schools is made up by the state on a dollar-for-dollar basis.

TIMBER TAX DIVISION

Timber Yield Tax Program

Prior to 1977, timber was subject to ad valorem property taxation. Immature timber was exempt for the first 40 years after planting, but the assessment increased each year thereafter. To avoid paying higher taxes, owners often harvested their timber before it was fully mature. To slow the rapid decline of California's timber supply, the Legislature passed the Timber Yield Tax Act, effective April 1, 1977. Since then, timber is no longer taxed annually under the ad valorem system but is instead taxed only once, at the time of harvest. The new law was not designed to reduce property taxes but as a conservation measure to eliminate the incentive to harvest immature trees. The law also created the Board's Timber Tax Division to administer the Yield Tax Program.

The market value of standing timber at the time of harvest forms the basis for the amount of timber tax due. Actual taxable value of a timber harvest is determined from value schedules published by the Timber Tax Division, after those values are adopted by the Board, and updated semiannually. These schedules establish the harvest value for each species of standing timber. Basis for harvest value is the actual market value of a tree as it stands in the forest "on the stump." Stumpage value is determined by staff from an analysis of open-market timber and log sales in conjunction with onsite sale examinations.

Preliminary harvest values developed by the staff are first reviewed by the Timber Advisory Committee, which was established by the Forest Taxation Reform Act. After consultation with the Timber Advisory Committee, the Board adopts the harvest value schedules no later than June 30 and December 31 each year. These harvest value schedules recognize distinct geographic market areas within the state. Registered timber owners are required to use the schedules to compute the value of their harvested timber and the resultant amount of tax payable to the Board.

The Timber Advisory Committee includes a member of the State Board of Equalization, currently the Honorable William M. Bennett, the First Equalization District Member, as Chairman; a representative of the Board of Forestry; the assessors from Del Norte, Humboldt, Mendocino, Siskiyou, and Tehama Counties; and one representative each for large-scale and small-scale timber owners.

Timber cut into logs destined for lumber usage is recorded by volume and harvest value. The volume and harvest value of timber harvested annually for the past eight years are presented on page 57.

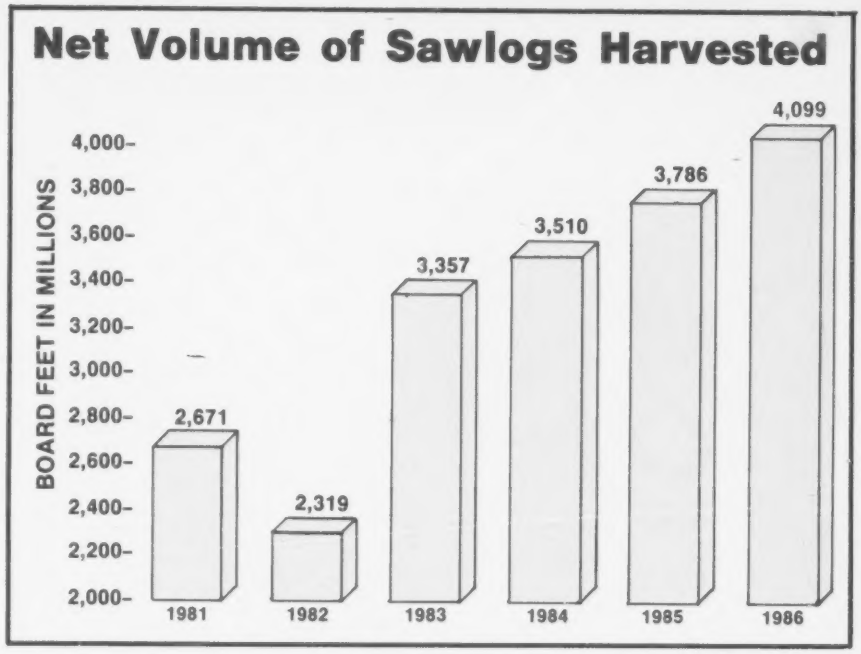
To determine the amount of tax due, the value of the harvested timber, derived from the appropriate harvest value schedule, is multiplied by the yield tax rate which is developed by the Board's Research Division. In December, the rate is reviewed and adjusted according to the law, which specifies that the new rate is the previous year's rate adjusted to the nearest one-tenth of 1 percent in the same proportion as the change in the average county general property tax rate. The 1987 rate of 2.9 percent has remained constant since January 1, 1983. The new rate is appli-

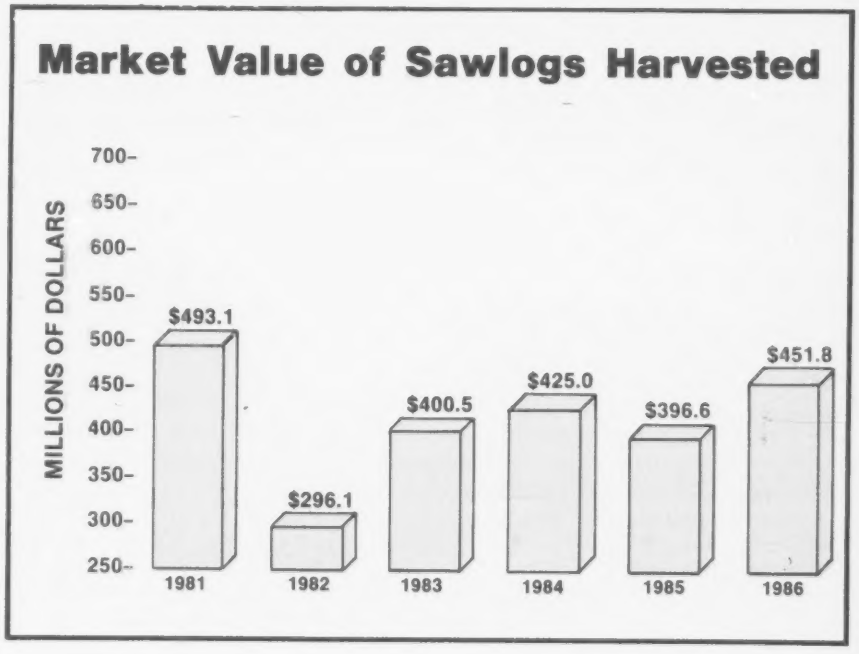
cable during the calendar year following publication.

The timber tax is self-assessed by the timber owners who file returns and pay taxes on a quarterly basis. Through offices in Eureka, Redding, and Sacramento, the Board assists timber owners and reviews their assessments. The Timber Tax Division registers timber owners, provides tax returns, compiles harvest reports, processes tax payments and returns, conducts verification audits, and reviews harvest operations. Division staff members also work on proposed property tax rules and legislation affecting their operation.

At the end of the 1986–87 fiscal year, there were approximately 1,800 active California timber owners registered with the Board. The total tax collected on harvested timber during the fiscal year was $14 million on a total timber harvest value of $483 million. The division's verification and compliance activities discovered approximately 300 deficiency billings, fewer by a sizeable 25 percent than each of the two preceding years.

Revenue from the Timber Yield Tax program is distributed to the counties of origin of cut timber by the State Controller after the state administrative costs are deducted from gross revenues. California land devoted to the production of commercial timber or forest products may also qualify for special assessment techniques. When land is identified as a timberland production zone (TPZ), its value for property tax purposes is determined by the county assessor in accordance with the provision of Article 1.7 Sections 431 to 437 of the Revenue and Taxation Code. This article directs the county assessor to determine a site classification for each TPZ parcel based upon its timber-producing capability, and then annually apply a site value to the parcel derived from a schedule of site values published by the Board. This schedule is adjusted annually according to the ratio of two sets of five-year timber harvest values. Using the ratio as an index, timberlands decreased 5 percent in taxable value from 1986 to 1987.





V. PROPERTY TAXES

PROPERTY TAXES LEGISLATION

During the 1986–87 fiscal year, the Legislature passed many bills which directly affect the roles of county assessors and the Board. The most important of these are described in the following summaries, which detail chapter number, bill number, and effective date.

Family Transfers

Chapter 61, Statutes of 1986, ACA 2, effective November 5, 1986

This constitutional amendment, Proposition 58 on the ballot, was approved by the voters on November 4, 1986. It provides that the terms "purchase" and "change in ownership" do not include the purchase or transfer of (1) real property between spouses, and (2) the principal residence and the first $1,000,000 of other real property between parents and children.

Replacement Residence for those Over 55

Chapter 75, Statutes of 1986, ACA 5, effective November 5, 1986

This constitutional amendment, Proposition 60 on the ballot, was approved by the voters on November 4, 1986. It permits the Legislature to allow persons over 55, who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence.

Omnibus Property Tax Reform Bill

Chapter 1457, Statutes of 1986, AB 2890, effective January 1, 1987

This chapter amends and adds numerous sections to the Revenue and Taxation Code. The following is a summary of the major sections of this chapter:

(1) Changes the lien date for state-assessed property to January 1.
(2) Provides an optional proration date for supplemental taxes when more than one reassessable event occurs in the same assessment year.
(3) Permits the County Board of Supervisors, by ordinance, to cancel any supplemental tax bill in which the amount is less than $20.00.
(4) Provides that eligible counties, as certified by the State Board of Equalization, can recover their actual administrative costs associated with the supplemental roll up to 5 percent of the revenues from supplemental assessments.
(5) Alters the way state-assessed values are allocated to taxing jurisdictions.
(6) Provides that a letter from either, not both, the Internal Revenue Service or Franchise Tax Board, is sufficient to establish eligibility for the welfare exemption.
(7) Allows access to assessor's records by staff appraisers of the Department of General Services.
(8) Specifies that local assessment appeals boards shall hear change in ownership and new construction issues.
(9) Requires the Board to conduct annually sales ratio studies of commercial and industrial properties in each county and publish the reports.
(10) Prohibits the allowance of renters' credit on state income tax if a homeowners' exemption has been granted a mobilehome.
(11) Provides that the lessee of tangible personal property owned by a bank or financial corporation be conclusively presumed to be the owner of that property.
(12) Provides the statutory language to allow for increases to the property tax rate due to bonded indebtedness approved by voters after June 4, 1986.

Welfare Exemption Qualification

Chapter 113, Statutes of 1986, AB 2293, effective January 1, 1987

This chapter provides that either a letter from the Franchise Tax Board or the Internal Revenue Service stating that an entity qualifies as an exempt organization would be required to qualify for the Welfare Exemption.

Intermediate Transferees not Required to File a Preliminary Change-in-Ownership Report

Chapter 175, Statutes of 1986, AB 3725, effective January 1, 1987

This chapter provides that intermediate transferees of property, as defined, shall not be required to file a preliminary change-in-ownership report or the payment of an additional recording fee.

Acquisition of a Corporation by an Employee Benefit Plan

Chapter 497, Statutes of 1986, SB 2351, effective January 1, 1987

This chapter provides that a change in ownership shall not include any acquisition by an employee benefit plan of the stock of the employer corporation pursuant to which the plan obtains direct or indirect control, as defined, of the employer corporation.

Housekeeping Bill

Chapter 608, Statutes of 1986, AB 1537, effective January 1, 1987

This is a Board-sponsored housekeeping bill that makes changes to numerous sections of the Revenue and Taxation Code. The important areas affected are:

(1) Defines cooperative housing.
(2) Supplemental refunds are limited to the amount of taxes paid.
(3) Makes numerous nonsubstantive, technical changes to several exemption code sections.

Replacement Property for Disaster-Damaged Property

Chapter 855, Statutes of 1986, SB 2535, effective September 17, 1986

This urgency statute implements Senate Constitutional Amendment 28 which was adopted by the voters in June 1986 as Proposition 50. This chapter adds Section 69 to the Revenue and Taxation Code. It permits the base-year value of a property substantially damaged or destroyed in a Governor declared disaster to be transferred to a comparable property within the same county which is acquired or newly constructed within two years of the disaster as a replacement for the damaged property.

Illegal Goods are not Part of Business Inventories

Chapter 1420, Statutes of 1986, AB 3595, effective January 1, 1987

This chapter allows the county assessor to assess illegal drugs and other goods which cannot be legally sold or leased in California. An illegal crop cannot be exempt as a growing crop and is not eligible for disaster relief when destroyed by law enforcement authorities.

Property Characteristics Information Maintained by the Assessor is Public Record

Chapter 1511, Statutes of 1986, SB 1653, effective January 1, 1987

This chapter states that property characteristics information maintained by the assessor is a public record and shall be open to public inspection. The assessor may require that a fee reasonably related to the actual cost of providing the information be paid by the party receiving the information. The assessor is immune from liability for errors, omissions or approximations with respect to property characteristics information provided. This chapter applies only to counties with a population that exceeds 715,000.

ECONOMIC ANALYSIS VI.

National Scene

The U. S. economy was very difficult to read during the 1986–87 fiscal year. Economic indicators produced some startling and confusing signals. On one hand, the stock market set new records almost daily and unemployment reached new lows. Conversely, inflation figures were up, the dollar continued to decline, and the trade deficit grew. Economic analysts are having a difficult time sorting all this out and attempting to predict the future is perilous at best. As a further complication, Congress passed a federal tax reform law.

Continuing the pattern that began in 1985, the nation's economy grew slowly during the 1986–87 fiscal year. The Gross National Product (GNP) adjusted for inflation, grew at an average rate of 2.3 percent during the fiscal year, compared to 3.3 percent for 1985–86 and 4.2 percent for 1984–85. GNP is the most comprehensive national measure of the total value of goods and services produced for domestic and foreign consumption.

Economic growth was very sluggish in the last half of 1986 with the GNP growing at only 1.4 percent and 1.5 percent for third and fourth quarters respectively. First quarter 1987 GNP was up a healthy 4.4 percent, but even this figure caused concern for analysts. The growth in GNP was attributable mainly to growth in inventories, while all three components of domestic demand—consumer spending, government purchases, and business fixed investment—declined. Declines in all three of these components usually signals a recession.

However, there were some mitigating circumstances that led forecasters to believe that a recession was not imminent. First, some consumer and business spending that would normally have occurred in the first quarter of 1987 was shifted to the fourth quarter of 1986 because of the federal tax reform. Also, the growth in inventories, with the exception of autos, did not reach exceptionally high levels. For April the manufacturing inventories-to-sales ratio was 1.66. At the height of the last recession this index reached 2.04. Finally, net exports improved as the declining dollar provided U. S. firms with expanded foreign sales. And indeed, although the GNP for second quarter 1987 grew a more modest 2.3 percent, consumer spending, government purchases, and business fixed investment all increased. Also, while inventories were still rising, the manufacturing inventories-to-sales ratios fell to 1.60 in June.

Jeff Reynolds (right), Chief of Research and Statistics, discusses data used in the preparation of this Economic Analysis, with Dave Hayes, Research Manager.

Inflation seems to be on the rise again. The Consumer Price Index (CPI) changes during the fiscal year 1986–87 show an interesting progression. The year-to-year change for the period ending September 1986 was 1.8 percent; for December 1986, 1.1 percent; for March 1987, 3.0 percent; and the CPI for June 1987 was 3.7 percent higher than June 1986. This compares unfavorably with a 1.7 percent rise from June 1985 to June 1986. The rise in the index is due mainly to food and energy prices and forecasters expect increases of 4-to-5 percent to continue. While the new chairman of the Federal Reserve Board, Alan Greenspan, shares former chairman Paul Volcker's strong desire to curb inflation, it remains to be seen whether that aim will be met given the other problems on the agenda, such as the trade and budget deficits and the continuing decline of the dollar.

The Consumer Price Index is a measure of the average change in prices paid by consumers for a fixed market basket of goods and services. Typically, the CPI is revised about once every ten years in order to keep the index representative and current. The latest revision occurred in January 1987. Prior to that it had been revised in 1978.

A number of changes were made to the CPI. First and foremost the market basket of goods and services has been updated along with the corresponding expenditure weights. A new consumer expenditure survey was conducted from 1982 through 1984. The spending patterns determined by this survey are the basis of the revised market basket of goods. To determine the expenditure for each item the quantity of the item consumed is multiplied by the price of the item and is expressed as a percentage of total expenditures for all items.

New items have been included in the market basket and the sample of outlets has been updated. The number of geographic areas sampled has been increased from 85 to 91. Also, the index is now based on the geographic distribution of consumers determined by the 1980 Census of Population. The result

of these changes is an index that more accurately measures changes in the price level of goods and services purchased in the 1980s.

One component of the CPI that has been under study for some time is housing, specifically the computation of the homeowner's cost index. That index was changed in 1983 to an "owner equivalent rent" basis. This means that rather than use mortgage payments, which came to be viewed more as a measure of investment than a measure of consumption, the Bureau of Labor Statistics asked homeowners to estimate what their homes would rent for. In the 1987 revision, matching sets of renter-occupied and owner-occupied units were selected. The owners' equivalent rent estimation was then determined by using actual renters to represent owners.

In order to provide a continuous series and facilitate the transition from the old to new index, both series are linked at December 1986. This December figure is the same for both.

The method of computing the California CPI has also been revised. The San Francisco-Oakland CPI region has been expanded to include the counties of Santa Clara, Santa Cruz, Solano, Sonoma, and Napa. This expansion has made San Francisco-Oakland CPI region the fifth largest area in the United States, replacing the Detroit-Ann Arbor region. That means the CPI figures for the San Francisco region will be printed monthly rather than bimonthly. The Los Angeles-Anaheim region was also expanded, to include the counties of San Bernardino, Riverside, and Ventura. Unfortunately, the San Diego region was one of the 12 regions in the county that moved from a bimonthly to a semiannual reporting frequency. The California CPI will now be calculated monthly rather than bimonthly and will be based only on the Los Angeles and San Francisco CPI indexes. The San Diego index has been dropped. However, the California index has been modified to provide a continuous series.

The federal deficit continues to plague the U. S. economy. In July, the Supreme Court ruled that the automatic spending cuts incorporated in the Gramm-Rudman-Hollings Balanced Budget Act are unconstitutional. The burden of achieving the deficit reduction goals of the act is back in the hands of Congress. While not achieving the explicit goals required by Gramm-Rudman, Congress has been able to reduce the federal deficit from $221 billion to an estimated $157 billion. This is far short of the Gramm-Rudman limit of $108 billion, but the deficit has been steadily declining. The Gramm-Rudman Act seems to have made an impact on the federal budget. Federal spending which grew at an annual rate of 10 percent during the years 1980 through 1985 has slowed to a 3.4 percent annual rate of growth since the passage of the act. Also, on September 29, 1987, a revamped Gramm-Rudman was signed into law that will continue to put pressure on both Congress and the President to reduce the budget deficit. This new act requires Congress to meet budget deadlines and will force the President to either cut military spending or allow a federal tax increase. If either of these is not accomplished there could be an automatic cut in domestic or defense spending by $23 billion.

Throughout this fiscal year the stock market has continued its biggest long-term rally in history. The Dow Jones Industrial Average, one of the most familiar measures of stock market activity, shattered all previous records. It started the fiscal year by registering a record drop of 61.87 points on July 7, 1986. Since then, however, it has been moving steadily upward. The Dow which has hovered around the 1000 mark for 15 years broke the 2000 mark on January 8, 1987. And it did not stop there. In the first quarter of 1987, the Dow moved up 500 points. On July 17, 1987 it topped the 2500 mark. Economists, wary of large stock market increases since the Great Crash of 1929, did not, however, view this massive rally as inappropriate to the U.S. economy. Rather, the feeling was that corporate assets had been grossly undervalued for a long time and the stock market was finally beginning to conform with that view. (The massive plunge in the Dow of 508.32 points on October 19 has experts reassessing their earlier opinions.)

As the current economic expansion period nears the five-year mark, the consumer is once again being called upon to lead the economy. This is nearly always the case, since consumption expenditures account for about two-thirds of economic activity as measured by the Gross National Product. Personal consumption expenditures in 1982 dollars for the second quarter of 1987 were up 2.1 percent, following a decline of 0.7 percent for first quarter. The first quarter decline is due mostly to the effects of the federal tax reform, and the second quarter figure is a better measure of consumption growth. Retail sales nationally for second quarter 1987 were up 1.0 percent in constant dollar terms. Retail sales have been growing steadily if somewhat slowly over the past couple of years largely because of consumer credit.

In attempting to forecast the continuing strength of consumer spending, one of the critical factors has always been the amount of debt held by consumers in relation to income. Consumer installment debt outstanding reached a record $587 billion in June of 1987, 6.3 percent higher than a year earlier. However, the ratio of consumer installment credit outstanding to personal income has declined to 15.76 percent in June from a high of 16.12 percent which was registered in October of 1986. What is most disconcerting is that these figures are becoming more and more unreliable, as it becomes more difficult to track consumer debt.

To begin with, some of this consumer debt can be discounted because a portion of the consumer installment debt outstanding is what is termed "convenience debt." This is revolving credit that is repaid in full the next month. The Federal Reserve Board has estimated that this use of credit cards as a substitute for cash rather than as an instrument for debt accounts for approximately 40 percent of credit card purchases. Further obscuring the consumer debt picture is the increased use of home equity loans. Consumers are increasingly substituting home equity loans for the more traditional forms of consumer debt. Home equity loans remain tax deductible under the new federal income tax law, whereas consumer installment credit is no longer tax deductible. This means that the overall debt burden for consumers might rise while the consumer debt ratios show declines. As of now, there is no way to

separate home equity loans used as consumer installment debt from overall mortgage figures.

One of the bright spots in the current economic picture is the unemployment level. Nationally, unemployment dropped to 6.1 percent in June of 1987 and to 6.0 percent in July. This is the lowest level of unemployment since 1979. The percentage of working-age Americans currently employed has also reached a new high. This ratio was at 60.89 in July 1987.

California

Personal income in California rose 8.7 percent in the second quarter of 1987 over the same period a year ago. For the first three quarters of the fiscal year, the increase in personal income had averaged 7.3 percent. This rise in personal income is due in part to increased employment.

California's unemployment rate has been running one-half percentage point below the national average since the first of the year. California's unemployment rate was 5.5 percent for July 1987, down dramatically from the 7.0 percent registered in July of 1986. This level which is unchanged from June 1987 is the lowest since 1969. The total civilian labor force grew by 394,000 to reach 13,819,000 in July 1987, up 2.9 percent from a year earlier. The number of unemployed dropped from 941,000 in July 1986 to 755,000 in July 1987, a decrease of 186,000.

The largest absolute 12-month gain in employment came in the service sector, an increase of 114,900 to total 2,579,400. Employment in the government sector rose 49,200 to 1,797,500. The largest relative increase in employment came in the construction industry, where total employment reached 575,600, an increase of 42,300, or 7.9 percent from a year earlier. The transportation industry ranked second with a 4.3 percent gain. The retail trade category ranked second in numerical increase as the addition of 79,200 workers pushed its total to 2,097,000, up 3.9 percent.

In addition to a healthy increase in employment, the construction industry registered strong growth for the fiscal year. For most of the year low mortgage rates spurred residential building. Housing authorizations reached a 23-year high in 1986 with 307,700 units authorized. The latest figures showed that for April 1987 the annual rate is 285,700.

An unemployment insurance line at the Employment Development Department. California's unemployment rate declined to its lowest level in 18 years.

The construction boom in 1986 was fueled by low interest rates, mild weather, and certain law changes. Nationally, mortgage rates dropped to an average of 9.3 percent in December 1986, down from 11.3 percent in December 1985. Demand for homes remained strong even as the mortgage rates climbed during the first six months of 1987. Two law changes affected construction in the latter half of 1986. First the federal tax reform changed certain provisions regarding multiple family buildings, as structures not in place by the end of 1986 would not qualify for 1986 tax treatments. A state law that authorized local governments to impose fees for school construction and maintenance after January 1, 1987, increased permit activity during the last months of 1986.

The California Consumer Price Index (CCPI) registered a 3.6 percent increase from June 1986 to June 1987. There was a slowing of inflation late in the fiscal year as the May index grew by 0.5 percent over April and for June the index actually decreased by 0.2 percent from May. This was especially welcome after the large increases that occurred in the first quarter with the February index gaining by 1.0 percent over January.

Federal Tax Reform

The Federal Tax Reform bill that became law late last year could have a major impact on the U.S. and the California economies. Tax reform has long been a subject of much debate and little action. But 1986 saw a combination of forces at work to make it possible. President Reagan's strong commitment to tax reform was instrumental in bringing it about.

As with most tax reform proposals, the goals were threefold: broaden the tax base, lower tax rates, and abolish preferences that favor one investment over another, in order to achieve greater tax equity. The tax reform law as passed by Congress will shift an estimated $120 billion of the tax burden from individuals to corporations, drop rates to their lowest levels in almost 60 years, and wipe out many tax deductions and credits.

For corporations the tax rate has been lowered from 46 percent to 34 percent. However, many of the tax breaks business has enjoyed have been cut back or scrapped altogether. Capital gains preference has been repealed and accelerated depreciation, while not repealed, has been slowed down. But

probably the most important change is that the Investment Tax Credit has been repealed. It is this provision that has forecasters expecting at least a dip in the economy if not a recession. Some economists feel that the first few years under the new tax law could be difficult as business learns to deal with the new rules, but at the end of that period the benefits of the tax reform should appear. The proponents point out that the tax reform package was intended as a long-term change that will lead to a more efficient allocation of capital and not as a quick fix for the economy. They see the economy becoming more efficient and more productive as business investment decisions are made for economic reasons rather than tax-motivated ones.

Meanwhile it is hoped that the cuts in individual income tax rates will motivate consumers to bolster the economy. The individual income tax rates will be changed from a system with 14 brackets, indexed to inflation, with the top rate 50 percent, to one with only 2 brackets—15 percent and 28 percent. This change will be preceded by an interim year, 1987, in which there will be five tax brackets, with the rates ranging from 11 percent to 38.5 percent. The personal exemption rises in steps to $2,000 in 1989 and is indexed thereafter. The standard deduction has been changed to $5,000 for couples, up from $3,670, but there has been a change in itemized deductions. Most mortgage interest on first and second homes is still deductible, but interest on consumer loans, such as auto loans and credit cards, is no longer deductible. Most of the miscellaneous deductions have been repealed, and individual retirement accounts are now only deductible if income is less than $50,000 or if the employee is not covered by a company pension. These changes are expected to increase disposable personal income and allow the consumer to continue to increase spending. However, it will be at least two years before the changes are fully realized.

If consumers are to increase spending, they are going to have to increase their debt and the tax reform has provided a new vehicle to do this—home equity loans, which enable consumers to cash in on the equity built up in their homes. A major benefit of this type of loan is that interest rates are substantially lower than normal consumer loans. These loans also offer longer terms, up to 15 to 20 years, which greatly reduce monthly payments, and the interest paid on these loans is tax deductible. Interest on the loans can be deducted up to the purchase price plus improvements, or the fair market value of the house—whichever is lower.

Home equity loans have been very popular, especially in California. Owning a second mortgage is no longer viewed as a sign of financial distress but is indicative instead of smart money management. Lenders have embraced home equity loans with real enthusiasm, pointing out that default rates on second mortgages are historically less than one-half of one percent, far lower than the 2-to-3 percent rate on unsecured personal loans and credit cards.

However, there are some risks involved with second mortgages for both borrowers and lenders. These new home equity loans are being used for different purposes and by a more varied constituency than the normal second mortgages. Default rates could rise sharply and foreclosing on principal residences is not easy.

Borrowers also face pitfalls. Home equity loans are much easier to qualify for because they are secured loans, and lenders have made it very easy to obtain a home equity line of credit. Some lenders have allowed the use of credit cards to acquire this money. Also, most home equity loans place no limit on how high interest rates can go. If interest rates continue to climb, some consumers could be crushed under the debt burden.

Low mortgage rates spurred residential building and the construction industry registered strong growth during 1986–87.

Automobile Sales

New car sales in the United States soared in the latter half of 1986, fueled first by manufacturers' incentives and then by the new tax reform law.

In August 1986, General Motors, facing a huge inventory, estimated at over one million unsold cars, introduced a new sales incentive plan. They offered a record low financing rate of 2.9 percent on 36-month financing or a $1,500 rebate. GM's share of the U.S. market dropped to 41 percent for 1986 from 48 percent eight years ago. Ford and Chrysler, while not facing the inventory problems affecting GM, instituted similar incentive programs. Ford offered consumers 2.9 percent three-year fi-

Automobile sales soared during 1986, as manufacturers offered attractive incentives and buyers rushed to beat the new tax law that eliminates deduction of sales tax from income tax returns.

nancing and Chrysler 2.4 percent two-year financing.

The federal tax reform law also lent support to 1986 auto sales. Many consumers purchased new cars at the end of 1986 to take advantage of the soon-to-expire federal income tax allowance of an itemized deduction for sales tax paid on new car purchases. Domestic car sales for December were up 16 percent over a year earlier. Imports were up 20 percent. For calendar 1986, sales reached a record 11.4 million cars. In California, taxable sales of new car dealers for the fourth quarter of 1986 were up an enormous 24.6 percent over fourth quarter 1985.

Predictably enough, sales flagged early in 1987. The impressive sales figures in the latter half of 1986 were mainly borrowed from 1987 sales. U.S. auto manufacturers, especially GM, were faced with the prospect of sluggish sales and rising inventories. With this in mind, car makers concentrated more on cutting production and fewer sales incentives were offered.

Foreign auto manufacturers were also hit hard in the first half of 1987. With the Japanese yen climbing 47 percent against the U.S. dollar, Japanese car makers have lost their price edge. Prices were raised an average of 15 percent and the manufacturers had to absorb the rest in lower profits. Even so, the imports began running up high inventories. One Japanese manufacturer, Nissan, announced that it would be offering $400-to-$800 rebates and 3.9 percent financing on its trucks. Isuzu offered $750 rebates or 5.9 percent financing on all its cars and trucks. Honda and Toyota, meanwhile, held the line fairly well and their sales remain fairly strong. Toyota expects to sell 1 million vehicles in the U.S. in 1987.

There were some new entries in the auto market this last year. One of the most successful was the South Korean Hyundai Excel. Hyundai sold 168,882 Excels in the U.S. in 1986, a record for a first-year import. They expect to reach sales of 250,000 for 1987.

Revenue Growth

Tax programs administered by the Board produced state and local revenues totaling $16,890,688,000 during fiscal year 1986–87, an increase of $862 million or 5.4 percent over 1985–86. Revenue growth from 1984–85 to 1985–86 had been an almost identical 5.5 percent. Levies from each tax are presented in the accompanying text table; additional detail and historical comparisons are given in Appendix Table 2. (All major sources of state revenues are presented on page 14.)

The combination of all state and local sales and use taxes produced $14,367,119,000, advancing 5.6 percent during the fiscal year. These taxes comprised 85 percent of revenue from Board-administered tax programs. The state's portion of the sales tax, levied at a 4.75 percent rate, grossed $10,901,096,000, while the part allotted to other governmental agencies—cities, counties, and transit districts—totaled $3,465,148,000. (Details are given in Appendix Tables 19 through 23.)

At the end of the fiscal year, transit district taxes at the rate of 0.5 percent were being levied by seven jurisdictions encompassing seven counties. Both Alameda and Santa Clara Counties are covered by two jurisdictions each, making the total rate in those counties 7 percent. The overall rate of 6.5 percent applies in the other five counties covered by transit district taxes. An additional 0.5 rate was effective in an eighth county, Fresno, beginning July 1, 1987.

The state's fuel taxes aggregated $1,269,010,000 during the year under review, 4.2 percent more than fiscal year 1985–86. Distributions of gasoline and consumption of diesel fuel for highway use totaled 14.2 billion gallons. Gasoline distributions in each month of the fiscal year topped those of the comparable month in the prior year. (Historical data on assessments are presented in Appendix Tables 24–26.)

The state's excise taxes on both alcoholic beverages and cigarettes declined slightly in 1986–87, just as they had the year before. Alcoholic beverages, which are taxed by the state at rates ranging from one cent per gallon for wines of 14 percent or less alcoholic content to $2.00 per proof gallon for distilled spirits, produced $131,287,000, a decrease of 0.7 percent, for the fiscal year. Taxes on beer and wine increased by 2.5 percent, but that increase was offset by a decline of 1.7 percent in distilled spirits taxes.

This was the eighth straight year that consumption of distilled spirits has declined, although the drop was not as extreme as in the preceding year, when federal excise taxes on distilled spirits were increased by $2.00 per gallon. (See Appendix Tables 27–29 for historical data on taxes, total consumption, and per capita consumption by major type of beverage.)

The excise tax of 10 cents per pack of

20 cigarettes yielded $252,031,000, a decrease of 2.4 percent. Since the beginning fiscal year of this decade, 1980–81, cigarette tax revenues have fallen a total of 9.4 percent. Per capita consumption of cigarettes has dropped even further, decreasing each year since 1975–76. (See Appendix Tables 30A and 30B for additional data regarding the cigarette tax.)

The electrical energy surcharge levied on the use of electricity in California produced $35,141,000, only 0.9 percent over fiscal year 1985–86. This was the second smallest increase in this tax since its inception in 1975. The emergency telephone users surcharge, a levy to fund the 911 statewide emergency number, system yielded $37,344,000, an increase of 8.1 percent.

Receipts from the Moore Universal Telephone Service Tax fell 45.2 percent to $48,284,000. The rate of tax, which had been 4 percent on gross revenues from in-state telecommunication services since the tax became operative on July 1, 1984, was reduced to 1.5 percent effective July 1, 1986. The rate returned to 4 percent on July 1, 1987. However, effective July 16, 1987, administration of the tax was transferred to the Public Utilities Commission.

Fuel taxes generated more than $1.2 billion, as gasoline sales rose to record highs.

Hazardous waste fees and taxes rose to $24,300,000, almost triple the level of the previous year. This program was almost completely restructured effective July 1, 1985, and then substantially modified again effective July 1, 1986. The revenue gain can be partially attributed to changes in the timing for filing these tax returns, which depressed 1985–86 revenues. Also, the amount appropriated for 1986–87 for the Hazardous Waste Control Account, a prime determinant of the amount to be raised by the hazardous waste fees and taxes, was substantially increased over the level of the preceding year.

The hazardous substance tax, used to partially fund the "Superfund" for toxic cleanup, rose just slightly to $16,390,000. Since there has been no recent change in the total amount to be raised by this tax, which is set by statute, revenues are expected to remain constant.

Locally collected property taxes on state-assessed properties rose to $692,000,000, an increase of 12.5 percent. With property tax rates relatively stable, the increase in taxes resulted from the 12.8 percent increase in assessed values. The timber yield tax, which is levied at the time timber is harvested in lieu of any annual ad valorem property tax, totaled $14,376,000, up 16.9 percent. The private railroad car tax, levied on railroad cars owned by firms other than operators of railroads, produced $3,406,000, an increase of 10.5 percent.

Retail sales have been growing steadily, largely because of consumer credit, topping $145 billion during the year.

Taxable Sales Activity

Transactions subject to California's sales and use taxes totaled $224.2 billion during fiscal year 1986–87. The increase in current-value dollars was 5.9 percent. After adjustment for price increases which averaged 3.2 percent for the fiscal year as measured by the California Consumer Price Index, the volume of taxable sales grew by 2.6 percent from that of 1985–86. Second quarter 1987 showed the largest growth both in current dollars, 7.4 percent, and in constant dollars, 3.0 percent.

Retail stores reported $145.7 billion in taxable transactions during the fiscal year, accounting for 65.0 percent of all taxable transactions. This total was an increase over 1985–86 of 5.8 percent. Business and personal service establishments, whose tax is based primarily on materials and parts used in service and repairs since repair labor is exempt from tax, had taxable sales totaling $10.0 billion, an increase of 9.1 percent. "All other outlets"—primarily all types of manufacturers and wholesalers, construction contractors, and part-time permittees regardless of type of business—recorded taxable transactions of $68.5 billion, increasing 5.5 percent over the preceding year. (See Appendix Table 19 for detail on sales tax and number of sales tax permittees, by type of business.)

Once again, outlets concentrating on durables outperformed those featuring nondurables. Durables increased 9.8 percent over 1985–86, while nondurables advanced only 2.5 percent. New car dealers, a mainstay of durables, reported taxable sales of $24.4 billion, a 10.5 percent increase over the preceding year. New motor vehicle registrations hit a new high of 1,827,055. However, this was only a 1.6 percent increase over 1985–86. New auto registrations advanced by 3.3 percent while new truck registrations declined by 4.2 percent.

New car sales were strong during the latter half of 1986 posting a 16.3 percent increase for third quarter 1986 and a 24.6 percent increase for fourth quarter 1986. This was due to the incentives offered by domestic auto makers and by the new federal tax reform law. Sales for the first half of 1987 were weak, posting a 1.6 percent decline in the first quarter and a 3.6 percent increase in the second.

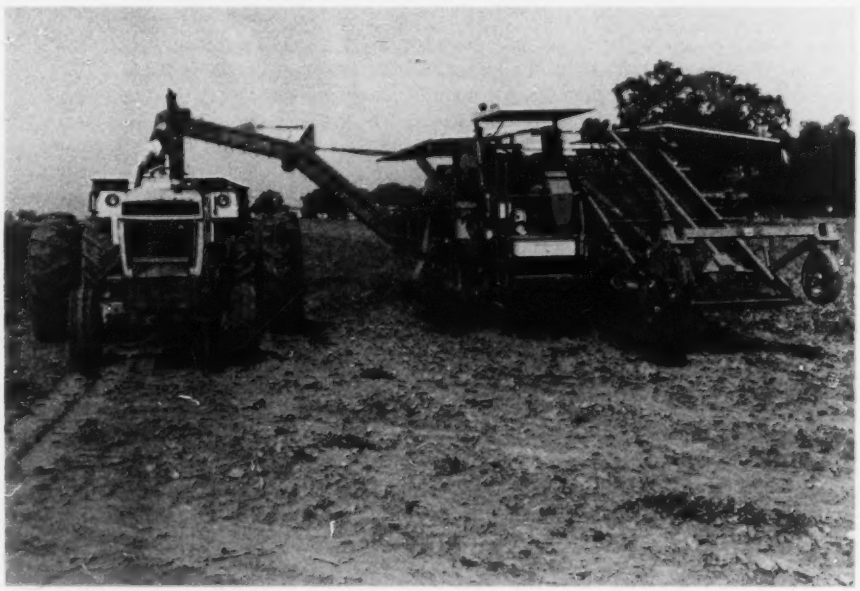
Taxable sales of service stations were $11.3 billion, a decrease of 15.6 percent, as gasoline prices continued to decline. (In the Board's classification system, refineries and bulk plants of oil companies operating service stations are also included under this class of business.) Distributions of gasoline were up 5.7 percent to 12,553,244,000 gallons. However, the April-to-June quarter of 1987 showed a 3.9 percent increase in gasoline distributions as prices increased slightly over the January-to-March quarter. OPEC, the Organization of Petroleum Exporting Countries, finally reached an agreement on limiting production that has stabilized the price of oil. Meeting in August 1986, they agreed to cut production by 15 percent and set limits for each country's production. Surprisingly, these restrictions have largely been observed. These restrictions were designed as short term measures only, but have been extended repeatedly as the price of oil climbed from $10 a barrel in April 1986 to $18 a barrel in June 1987. There is hope that these agreements will bring stability to the oil market.

In California the amount spent on gasoline during the fiscal year is estimated at $10,563,848,000, down 15 percent from 1985–86. However, second quarter 1987 showed a slight 0.4 percent increase, the first rise since third quarter 1985. The estimated price of gasoline averaged 84.2 cents per gallon for the year, excluding sales taxes, 20.6 cents per gallon less than the average in 1985–86.

The April-to-June 1987 average price, however, was 90.4 cents per gallon, only a 3.2 cents per gallon decrease from the comparable period in 1986. The estimated price is weighted for all grades of gasoline and all types of service at retail stations and for bulk sales to fleet operators. Quarterly performance of service stations is presented in the accompanying table. Diesel fuel for highway use totaled 1,667,829,000 gallons, a 9.3 percent increase over the last fiscal year.

Taxable receipts for department stores reached $18.8 billion, second only to new car dealers in sales volume. Department stores accounted for 8.4 percent of all taxable transactions in the state. They posted a healthy 8.8 percent growth over 1985–86. Specialty stores rang up taxable receipts of $17.1 billion, up 8.1 percent.

The building materials group showed the largest growth of any industry. Taxable sales of $10.8 billion were 12.7 percent greater than 1985–86. Simultaneously, construction contractors, who are classified with "all other outlets,"



California farm production rose and continued to be a mainstay of the California economy.

reported taxable transactions of $12.2 billion, 3.7 percent above 1985–86. Home building was a major source of strength in the economy once again, as mild weather and low mortgage rates kept construction crews busy.

Among other industries, retail sales for apparel stores reached $7.4 billion, up 10.1 percent from a year earlier. Restaurant sales grew by 6.4 percent to a total of $18.9 billion.

Taxable sales performance in the four major regions of the state defined by the Board all showed healthy increases. The eight counties making up the Southern California region paced the state with an 8.0 percent increase. This region accounts for 58.7 percent of the taxable sales activity in the state. Northern California and the mountain counties ranked second with a gain of 7.6 percent. The San Joaquin Valley and coastal counties posted a 5.4 percent growth, while the nine-county San Francisco Bay Area had a 4.6 percent increase. Fifty-three of the state's 58 counties registered higher levels of taxable sales during 1986–87. (Detail for counties for the fiscal year is presented in Appendix Table 20.)

Outlook

The outlook for taxable sales activity in California is fairly optimistic. Building material sales and construction activity are expected to slow as mortgage rates increase. However, the stabilization of the price of gasoline and the rising cost of imported goods due to the decline of the dollar will push sales upward. Forecasters expect that the federal tax reform will allow consumers to continue their spending spree.

1986–87 Taxable Sales by Quarter; Growth in Actual Dollars Compared to Growth in Constant-Value Dollars

Quarter	Taxable Transactions		Percent Change From Prior Year In		
	Amount	Percent of Total	Actual Dollars	Constant Value Dollars	California Consumer Price Index
July–September	$ 55,310,223,000	24.7	5.1	2.2	2.8
October–December	58,646,922,000	26.1	5.3	2.7	2.5
January–March	52,248,057,000	23.3	5.5	2.4	3.1
April–June	58,019,647,000	25.9	7.4	3.0	4.3
Fiscal Year	$224,224,849,000	100.0	5.9	2.6	3.2

COMPARISON OF REVENUES 1985–86 and 1986–87
(In thousands of dollars)

Revenue Source	1985–86	1986–87	Percent Change
Sales and Use Taxes			
State tax (4¾%)	$10,317,990	$10,901,096	5.7
City and county sales tax (1%)	2,150,252	2,265,847	5.4
County transportation tax (¼ of 1%)	538,201	566,714	5.3
Transit district taxes (½ of 1%)			
San Francisco Bay Area [1]	115,333	118,335	2.6
Santa Clara County	69,140	71,933	4.0
Santa Cruz County	8,137	7,549	−7.2
Los Angeles County Transportation Commission	313,502	329,418	5.1
San Mateo County	28,177	28,996	2.9
Santa Clara County Traffic Authority	67,461	69,527	3.1
Alameda County Transportation Authority	–	6,829	– [3]
Other taxes and fees	574	875	52.5
TOTALS	$13,608,767	$14,367,118	5.6
Fuel taxes and fees			
Gasoline and jet fuel	1,084,831	1,126,681	3.9
Diesel and other use fuel	132,550	142,329	7.4
TOTALS	1,217,381	1,269,010	4.2
Alcoholic beverage taxes	132,262	131,287	−0.7
Cigarette tax	258,142	252,031	−2.4
Electrical energy surcharge	34,839	35,141	0.9
Emergency telephone users surcharge	34,544	37,344	8.1
Universal telephone service tax	88,139	48,284	– [3]
Hazardous waste control tax	8,252	24,300	194.5
Hazardous substance tax	16,072	16,390	2.0
Local taxes on state assessed properties [2]	614,929	692,000	12.5
Timber yield tax	12,293	14,376	16.9
Private railroad car tax	3,081	3,406	10.5
GRAND TOTALS	$16,028,700	$16,890,687	5.4

[1] Metropolitan Transportation Commission revenues have been included on this line. Interest is accrued on MTC monies until they are allocated. Interest amounted to $348,038 in 1985–86 and $490,502 in 1986–87. Additional details are given in Appendix Table 22B, footnote a.
[2] Collected by county tax collectors.
[3] Not computed.

New Vehicle Registrations and Taxable Sales of New Car Dealers, by Quarter, 1986–87

Quarter	Number of Registrations of New Vehicles						Taxable Sales of New Car Dealers	
	Automobiles		Trucks		Total			
	Number	Percent Change Year to Year	Number	Percent Change Year to Year	Number	Percent Change Year to Year	Amount	Percent Change Year to Year
July–September	367,329	−0.6	104,033	−8.0	471,362	−2.3	$ 6,828,877,000	16.3
October–December	360,824	9.4	89,452	−3.4	450,276	6.6	6,266,284,000	24.6
January–March	355,315	4.5	92,574	−0.9	447,889	3.4	5,110,065,000	−1.6
April–June	357,156	0.4	100,372	−3.9	457,528	−0.6	6,180,274,000	3.6
Fiscal Year	1,440,624	3.3	386,431	−4.2	1,827,055	1.6	$24,385,500,000	10.5

Taxable Transactions of Service Stations Compared to Gasoline Distributions, by Quarter, 1986–87

Quarter	Taxable Transactions		Gasoline Distributions			
	Amount	Percent Change Year to Year	Gallons	Percent Change Year to Year	Estimated Expenditure	Percent Change Year to Year
July–September	$ 2,880,001,000	−19.0	3,187,022,000	5.6	$ 2,696,221,000	−20.8
October–December	2,467,301,000	−30.4	3,144,376,000	7.7	2,430,602,000	−23.9
January–March	2,708,750,000	−14.8	3,024,577,000	5.6	2,546,694,000	−13.8
April–June	3,219,014,000	4.3	3,197,269,000	3.9	2,890,331,000	0.4
Fiscal Year	$11,275,066,000	−15.6	12,553,244,000	5.7	$10,563,848,000	−15.0

TAX LITIGATION VII

VII. TAX LITIGATION

SALES AND USE TAX

Sale of Cranes in Place Was a Sale of Tangible Property, not Real Property Fixtures.

Taxpayer erected two cranes on land belonging to the Port of Oakland. After the cranes were erected, taxpayer sold the cranes to the port, and leased the cranes back from the port together with the land on which the cranes had been erected for $1 per year. Taxpayer and the port stipulated by contract that the actual purchase price of the cranes was $3.68 million, but the port did not pay any cash for the cranes. Instead, taxpayer agreed that it had received valuable consideration for the sale of the cranes in the leaseback arrangement plus related agreements. Taxpayer contended the sale of the cranes was a sale of real property fixtures, not subject to sales tax. The trial court granted summary judgment in favor of the Board.

The Court of Appeal affirmed. The court held that the cranes were tangible personal property in the hands of the taxpayer, even though after the transfer the cranes became real property fixtures annexed to the port's property. Thus, the sale of the cranes to the port was a taxable transfer of tangible personal property. The court also held that since the taxpayer acknowledged receipt of valuable consideration in lieu of cash under the crane leaseback and other related agreements, the Board was correct in assessing tax based on the actual purchase price stated under the terms of the crane purchase agreement. *United States Lines, Inc.* v. *State Board of Equalization,* 182 Cal.App.3d 529 (1986).

Sales Price of Elevators Includes Preinstallation Labor to Assemble Component Fixtures

Taxpayer sold and installed elevator systems. Taxpayer purchased component fixtures and, at its factory, assembled the components into the elevators prior to installing the elevators at the jobsite. The Board determined that taxpayer was a manufacturer of fixtures and assessed sales tax on the labor and overhead attributable to the factory assembly of the components. Taxpayer contended that it was the retailer of the component fixtures, and the factory labor to affix the components to other components of the elevator system was nontaxable installation labor.

The Court of Appeal held in favor of the Board. The Court held that the Board's Regulation 1521 (Construction Contractors) correctly applies tax to assembly labor which occurs before the affixation of fixtures to real property. Labor is properly regarded as taxable fabrication labor when, at the factory or at the jobsite, component fixtures are assembled into other component fixtures before the completed elevator system is finally installed as an attachment to real property. *Coast Elevator Co.* v. *State Board of Equalization,* 186 Cal. App. 3d 206 (1986).

Promotional Displays Subject to Use Tax When Not Resold With Merchandise

Taxpayers, Max Factor & Co. and Parfums-Corday, Inc., purchased promotional displays under resale certificates, stored them in California, and assembled them into promotional prepacks together with merchandise. Taxpayers shipped the prepacks to retailers within and outside of California, who resold the merchandise but not the displays. Taxpayers did not make a separate charge for the displays or increase the price of the merchandise to cover the cost of the displays.

Taxpayers paid use tax on the displays shipped to California retailers, but the Board also assessed use tax on the displays shipped out of state. Taxpayers contended: (1) they had resold the displays because their customers purchased the displays as an integral part of the prepacks, and (2) if they did not resell the displays, they did not use them in California because they shipped the displays as gifts out of state for use thereafter solely outside the state.

The Court of Appeal held in favor of the Board. The Court held that the Board's Regulation 1670(c) was objective and reasonable in establishing that a sale of a marketing aid occurs only when a taxpayer recoups at least 50 percent of its cost either by separate billing for the marketing aid or by increasing the price of the merchandise. Since the taxpayers did neither, they were properly deemed the consumers of the displays. Also, taxpayers had a functional purpose for the displays in California by warehousing them and assembling them into the prepacks, and thus, were liable for use tax regardless of the ultimate destination of the displays. *Parfums-Corday, Inc.* v. *State Board of Equalization,* 187 Cal. App. 3d 630 (1986).

Sales Tax Exemption for Interstate Shipments Requires Actual Out-of-State Delivery

Taxpayer, a retail truck dealer, sold 42 trucks for shipment by a carrier to designated Arizona locations where deliveries to the buyers were to have occurred. The bills of lading showed Arizona delivery points, and the buyers each certified on Department of Motor Vehicles forms that delivery to the buyer occurred in Arizona. However, the carrier in fact delivered the trucks to the buyers in California.

The Board assessed sales tax against the taxpayer on the grounds that Revenue and Taxation Code Section 6396 requires actual out-of-state delivery as a condition of the sales tax exemption for interstate shipments. The taxpayer contended that (1) Section 6396 only requires actual delivery to the carrier for out-of-state shipment, and (2) if the sales were not exempt, the buyer's certificates attesting to out-of-state delivery shifted the tax liability to the buyers under Revenue and Taxation Code Section 6241 (purchaser is liable for sales tax if he certifies his use of the property exempts the seller from sales tax, but uses the property for some other purpose).

The Court of Appeal held in favor of the Board. Section 6396 requires actual out-of-state delivery to the buyer, and the Board's Regulation 1620 correctly interprets Section 6396 to apply sales tax where the buyer takes delivery in the state, regardless of the documentary evidence held by the seller. The tax liability was not shifted to the buyers under Section 6241 because the buyers only certified that they took delivery out of state, not that they used the

property for an exempt purpose following delivery. *Engs Motor Truck Co.* v. *State Board of Equalization,* 189 Cal. App. 3d 1458 (1987).

Use Tax on Railroad Passenger Cars Discriminated Against Rail Carrier

The National Railroad Passenger Corp. (Amtrak) purchased 15 railroad passenger cars which were first used in California. The Board assessed use tax of $978,000 against Amtrak on these purchases. Amtrak contended the use tax could not be imposed against it under the federal Railroad Revitalization and Recovery Act, which prohibits any state tax which discriminates against a rail carrier, since the California use tax is not imposed on purchases of commercial passenger aircraft, commercial passenger watercraft, and rail freight cars.

The United States District Court held in favor of Amtrak. The court held the use tax was discriminatory under the federal Act. The Act did not require that a rail carrier must show it was in competition with other types of passenger carriers whose purchases were exempt from tax. Also, the tax was not de minimis, since the amount assessed was almost $1 million, and the tax would apply to all railroad passenger cars first used in California. *National Railroad Passenger Corp.* v. *California State Board of Equalization,* 652 F. Supp. 923 (N. D. Cal. 1986).

CIGARETTE TAX

California May Impose Cigarette Tax on Indian Tribe's Sales to Non-Indians

An Indian tribe contended the state could not impose the cigarette tax on purchases by non-Indians on the Indian reservation, even though the U.S. Supreme Court had held the legal incidence of the tax fell on the purchasers, not the tribe. The tribe contended the tax was preempted by certain federal laws, interfered with tribal self-government, and impermissibly burdened Indian commerce.

The U.S. Court of Appeals, Ninth Circuit, held in favor of the Board. The court held that federal laws related to Indian economic development and financing did not preempt the tax. Also, the state's interest in raising revenue to provide services both on and off the reservation outweighed the tribe's interest in deriving income from the importation and resale of a finished product, rather than from the development and marketing of a tribal natural resource. Finally, the court held that since the tribe was neither a sister state nor a local municipal government, the state was not required to credit the tribe's own cigarette tax against the state tax or share the state's tax revenue with the tribe, in order to avoid burdens on Indian commerce. *Chemehuevi Indian Tribe* v. *California State Board of Equalization,* 800 F. 2d 1446 (9th Cir. 1986).

INSURANCE TAX

Statement on Back of Tax Payment Check Does Not Constitute Proper Claim for Refund

Taxpayer had previously been involved in litigation against the Board, asserting that certain interest payments were not subject to the gross premiums tax on insurance companies. Taxpayer prevailed and the decision became final in June, 1983. (*Mercury Casualty Co.* v. *State Board of Equalization* (1983) 141 Cal.App.3d 43.) Before that decision, the Board had assessed deficiencies for the same type of interest payments for two periods subsequent to the period involved in the litigation. Taxpayer paid those deficiency assessments in 1976 and 1980 by checks having the following statement on their backs: "Paid under protest subject to claim for refund not subject to Gross Premiums Tax." In July, 1984, taxpayer filed this complaint, seeking refund of its 1976 and 1980 deficiency assessment payments. The superior court held for the Board and taxpayer appealed.

The Court of Appeal affirmed. Taxpayer failed to exhaust the prescribed administrative remedies since no valid claims for refund were filed. The statements on the checks failed to state the required specific grounds upon which the refunds were claimed. The Board's actual knowledge of the circumstances surrounding the claim constitutes neither basis for estoppel nor substantial compliance with the required statutory claim procedures. The complaint filed in 1984 cannot be treated as a timely claim because it was not filed within six months of the payment made pursuant to the notices of deficiency tax assessment. Further, that complaint did not satisfy the relation back doctrine and therefore did not relate back to taxpayer's previous complaint. *Mercury Casualty Co.* v. *State Board of Equalization* (1986) 179 Cal.App.3d 34.

PROPERTY TAXES

An Exemption of Inventory Transshipped Through the State in Foreign Commerce Discriminates Against Similar Personalty in Interstate Commerce and Violates the Commerce Clause of the United States Constitution

For the year in question the county assessed and levied ad valorem taxes on taxpayer's inventory of canned tuna present in its California warehouses on the lien date. The taxpayer paid the full amount of the tax and then sought a refund on the assessed portion of the inventory that had been manufactured or produced outside the United States and brought into California for shipment to other states for sale in the ordinary course. The claim for refund was based on the exemption contained in newly enacted Revenue and Taxation Code section 225, which provided an exemption for personal property manufactured or produced outside of the United States and brought into this state for transshipment out of this state, for sale in the ordinary course of trade or business.

After denial of the claim, the taxpayer brought suit in superior court for refund of the contested tax. The county defended on the ground that the statutory exemption was invalid because it violated the commerce clause of the federal Constitution (U.S. Const., art. I, section 8, cl. 3) by interfering with Congress's plenary power over commerce, in that it discriminates against interstate commerce. Relying on earlier state precedent the trial court rejected the taxpayer's claim and upheld the contention of the county. Appeal to the

California Supreme Court followed.

Before reaching the merits of the defense the court first had to decide whether the county could invoke the federal Constitution to challenge a state law which they are otherwise bound to enforce. It is well established that subordinate political entities of the state may not challenge state action under the due process or equal protection clauses of the Fourteenth Amendment or under the contract clause of the Constitution. However, political subdivisions may invoke the supremacy clause to challenge preempted state law. Here the commerce clause resembles the supremacy clause in that it defines the relative powers of states and the federal government. Since there was a real possibility that the statutory exemption's scheme of differential taxation of inventories would have gone unchecked, those entities charged with its administration may make the commerce clause defense.

On the substantive question the court concluded that the exemption clearly discriminated against goods manufactured in another state, and transshipped through California to a third state. This will tend to nullify the effect of federally imposed tariffs and may actually offend rather than preserve Congress's exclusive power to regulate foreign commerce. On these circumstances the court concluded that the exemption constitutes an undue burden on interstate commerce in violation of the commerce clause and affirmed the judgment of the trial court. *Star-Kist Foods, Inc.* v. *County of Los Angeles,* 42 Cal.3d 1 (1986).

Graduated Tax Based on Zoning Classifications Is Not Ad Valorem Tax

The City of San Marino enacted an ordinance which imposed a special tax for police and fire protection; two-thirds of the voters approved the tax. The tax was imposed on each parcel of real property on a graduated basis according to the city's zoning classifications, which were determined by parcel size. A taxpayer filed suit alleging that the tax violated Article XIIIA of the California Constitution because it imposed an ad valorem tax which exceeded the amount allowed by Article XIIIA. The city demurred; its demurrer was sustained by the trial court without leave to amend. The taxpayer appealed.

The Supreme Court affirmed, holding that unlike the taxes involved in the city's ordinance, an ad valorem property tax is any source of revenue derived from applying a property tax rate to the assessed value of property. Since the special tax enacted by the voters did not tax parcels on the basis of value, the tax did not violate Article XIIIA. *Heckendorn* v. *City of San Marino,* 42 Cal.3d 481 (1986).

Statute of Limitations for Escape Assessments Runs from Date of Determination of Base-Year Value

A cold storage warehouse completed in December 1975 was appraised by the assessor as of March 1, 1976, for the 1976–77 and 1977–78 assessment years. After Proposition 13, the assessor added a 2 percent inflation factor to the assessments for 1978–1979, 1979–1980, and 1980–1981.

After a 1980 audit of the taxpayer's books the assessor discovered that the warehouse had been substantially underassessed for 1976–1977 and all subsequent years. The assessor revised the base-year value for the warehouse and on February 26, 1981, imposed escape assessments for 1977–1978, 1978–1979, 1979–1980, and 1980–1981.

In an action for refund of the tax paid, the trial court ruled in favor of the taxpayer and held that the escape assessments were barred by the four-year statute of limitations.

The Court of Appeal affirmed. Interpreting the language of the four-year statute of limitations found in Revenue and Taxation Code Section 532, the court concluded, in effect, that the assessor had only four years from the date for which the Proposition 13 base-year value was determined (March 1, 1976) in which to correct the base-year value and assert escape assessments. The escape assessments were found to be invalid because they were made after March 1, 1980. *Dreyer's Grand Ice Cream, Inc.* v. *County of Alameda* (1986) 178 Cal.App.3d 1174.

The Right to Use and Occupy Overhead and Underground Public Rights of Way by a Cable Television System is Subject to a Possessory Interest Property Tax.

Taxpayer acquired a franchise to operate a cable television distribution system in the county and seven incorporated cities. The rights acquired were to use the public streets, other public rights of way, to construct and maintain equipment necessary for the operation of the system. In 1980 the assessor made a possessory interest assessment against the rights in question. Taxpayer paid the tax and brought suit for refund.

At trial taxpayer's basic position was that franchises and possessory interests are separate and distinct types of property and the possessory interest tax was an impermissible tax on the franchise for which the taxpayer already had paid a fee. The county contended that the possessory interests were created by the franchises and are taxable as any other possessory interest. The trial court held that there was no possessory interest subject to taxation because it is not possible to separate the possessory interest in the rights of way from the franchise itself.

On appeal the court rejected the taxpayer's contention by first noting that it has long been held that a valuable possession of land is deemed property and is taxable. It reviewed older cases involving gas and electrical companies which are also franchised to use the public streets in a similar manner. These authorities had concluded that those companies possessed an assessable franchise, and this court adopted the same conclusion. The same cases were cited for the proposition that there is no merger between the franchise and the possessory interest because the latter is a real property right that has situs in the public streets where it is exercised and must be assessed. The judgment was reversed in favor of the county. *Cox Cable San Diego, Inc.* v. *County of San Diego,* 185 Cal.App.3d 368d (1986).

The Utility Value of a Property to its Particular Owner Cannot Serve as the Sole Indicator of Assessment Value

The assessor valued the taxpayer's corporate headquarters building on the basis of its cost. The assessor found the building to be a unique monument or figurehead type structure having a specific utility value to the taxpayer as a prestigious manifestation of the taxpayer's standing in the business community. The court held the assessor's method of valuation, designed solely to capture the specific utility of property to a particular owner, was contrary to law. It found the assessor must use value indicators developed from sales and income data that reflect the valuation of office buildings generally, in view of all the purposes to which the taxpayer's building could naturally be adapted. The value of taxpayer's building in the market place is its value to potential purchasers generally, and the normal uses to which it could be put by potential purchasers must be considered in the valuation process. *Pacific Mutual Life Insurance Company* v. *County of Orange,* 187 Cal.3d 1141 (1987).

A Board of Equalization is the Sole Judge of Fact and of Value

The taxpayer appealed the decision of the county assessment appeals board to the superior court. When the superior court, for the second time, remanded the matter to the Board for reconsideration, the taxpayer argued the superior court should set the value of its property based upon the evidence before the court. The superior court refused, explaining that it was the exclusive function of the Board to take and weigh the evidence of value.

The appellate court agreed, finding that the scope of review for a superior court in reviewing the administrative record of a local board of assessment appeals is that of reviewing the entire record to determine if the findings are supported by substantial evidence. The trial court has no power to exercise its independent judgment on the evidence, declare the taxpayer's value be proper, and then direct the Board to enter the court's finding of value. The taxpayer has no right to a trial *de novo* in the superior court to resolve conflicting issues of fact as to the taxable value of its property. The question presented to the superior court in such an action is whether there is evidence of sufficient substantiality before the Board to justify the finding. The Board is the sole judge of questions of fact and of the value of property. *Kaiser Center, Inc.* v. *County of Alameda,* 189 Cal.3d 978 (1987).

The Parties May Not Determine for Themselves that an Agreement was Executed as of a Certain Date in the Absence of any Supporting, Objective Facts

Under California Constitution, Article XIII, Section 11, Subdivision (a) improvements owned by a local government that are outside its boundaries are taxable if they were taxable when acquired. Plaintiff cities entered into a participation agreement with two electric utilities for ownership interests in the San Onofre Station located in another county. The agreement provided that it was executed as of the first day of November 1977, prior to the start of construction. Because of contingencies involving IRS tax rulings and NRC transfer approval the agreement was not actually signed until October 1980, after the plant was constructed.

At trial and on appeal the cities contended that all rights and responsibilities were effective pursuant to the stated execution clause and the tax lien assessment date should be fixed at that time. The county and the State Board of Equalization, who did the valuation, countered that no ownership interest transferred until the actual signing. The court of appeal agreed that the right to participate is different from actual participation. If either IRS or NRC had ruled unfavorably, any attempt to assess the cities' interests would have been unmeritorious. No taxable ownership interest was transferred until the two contingencies were met and the agreement was signed. *City of Anaheim* v. *County of San Diego,* 190 Cal.App.3dd 695 (1987)

STATISTICAL APPENDIX

CALIFORNIA STATE BOARD OF EQUALIZATION

ANNUAL REPORT 1986-1987

BOARD MEMBERS

William M. Bennett
Kentfield, First District

Conway H. Collis
Los Angeles, Second District

Ernest J. Dronenburg Jr.
San Diego, Third District

Paul Carpenter
Los Angeles, Fourth District

Gray Davis
State Controller

•

Douglas D. Bell
Executive Secretary

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ADMINISTRATION

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For the period July 1, 1986 to June 30, 1987
(in thousands of dollars)

Function	Expenditures	
	1985–86	1986–87
1	2	3
Personal services	$101,889	$108,847
Operating expenses and equipment:		
General expenses	3,292	3,937
Printing	1,329	1,259
Communications	1,679	1,863
Postage	1,362	1,340
Insurance	27	24
Travel—in-state	2,009	2,171
Travel—out-of-state	1,155	1,330
Training	58	86
Facilities—operation	5,615	6,043
Utilities	60	64
Consulting & Professional Services: Interdepartmental	6,078	6,755
Consulting & Professional Services: External	53	223
Data Processing	2,114	2,064
Consolidated Data Center	13	37
Central Administrative Services	308	345
Equipment	592	2,672
TOTALS, Operating Expenses and Equipment	$25,744	$30,213
Totals, expenditures	$127,633	$139,060
Reimbursements	−33,643	−33,882
Special Funds	−7,877	−8,825
Net expenditures (General Fund)	$86,113	$96,353

TABLE 2—SUMMARY OF REVENUES FROM TAXES ADMINISTERED BY THE BOARD, BY FISCAL YEAR, 1976–77 TO 1986–87

(In thousands of dollars)

Revenue source	1976–77	1981–82	1985–86	1986–87
1	2	3	4	5
Local taxes on state-assessed properties [a]	$611,023	$406,536	$614,929	$692,000
Private car taxes [a]	7,373	4,854	3,081	3,406
Fuel taxes and fees:				
Motor vehicle fuel license taxes: [b]				
Gasoline tax	769,978	770,628	1,083,986	1,125,715
Jet fuel tax	551	860	845	966
Subtotals	770,529	771,488	1,084,831	1,126,681
Use fuel tax [c]	61,570	81,288	132,515	142,297
Fees	22	36	35	32
Subtotals	61,592	81,324	132,550	142,329
Fuel total	832,121	852,812	1,217,381	1,269,010
Sales and use taxes and fees: [c]				
State taxes	4,311,426	7,689,139	10,317,990	10,901,096
City and county sales taxes	902,452	1,602,661	2,150,252	2,265,847
County transportation tax	226,293	401,035	538,201	566,714
Bay Area Rapid Transit District taxes [m]	48,698	88,625	115,333	118,335
Southern California Rapid Transit District taxes [n]	129	39	—	—
Santa Clara County Transit District taxes [o]	14,743	51,529	69,140	71,933
Santa Cruz Metropolitan Transit District taxes [p]	—	5,258	8,137	7,549
Los Angeles County Transportation Commission taxes [q]	—	—	313,502	329,418
San Mateo County Transit District taxes [s]	—	—	28,177	28,996
Santa Clara County Traffic Authority taxes [t]	—	—	67,461	69,527
Alameda County Transportation Authority taxes [u]	—	—	—	6,829
Fees	272	448	574	875
Totals	5,504,013	9,838,734	13,608,767	14,367,118
Alcoholic beverage taxes: [c]				
Taxes on beer and wine	22,210	28,331	29,892	30,647
Taxes on distilled spirits	105,275	111,193	102,370	100,641
Totals	127,485	139,524	132,262	131,287
Cigarette tax [c, d]	269,385	276,824	258,142	252,031
Electrical Energy Tax [e]	13,989	30,994	34,839	35,141
Emergency Telephone Users' Surcharge [f]	—	20,052	34,544	37,344
Universal Telephone Service Tax [g]	—	—	88,139	48,284
Timber Yield Tax [h]	—	14,445	12,293	14,376
Timber Reserve Fund Tax [i]	—	8,634	—	—
Hazardous Waste Control Tax [j]	—	1,387	8,252	24,300
Hazardous Substance Tax [k]	—	2,068	16,072	16,390
Grand totals	$7,365,389	$11,596,864	$16,028,700	$16,890,687

[a] Revenues shown represent those actually received during the indicated fiscal year. Local taxes extended on state-assessed properties include ad valorem special assessments collected by city and county officials.

[b] Based on business done during the fiscal year, i.e. tax on gasoline distributed. Includes tax, interest and penalties; refunds have not been deducted.

[c] Revenues received during the fiscal year from self-assessments and on tax deficiencies, interest and penalties assessed by the Board and fees collected for the issuance of permits or their reinstatement. Refund claims certified to the Controller by the Board or credited against subsequent tax liabilities during the fiscal year are deducted.

[d] Includes $80,815,000 in 1976–77, $83,047,000 in 1981–82, $77,443,900 in 1985–86 and $75,609,000 in 1986–87 earmarked for cities and counties.

[e] This tax became effective January 1, 1975.

[f] This tax became effective July 1, 1977.

[g] This tax became effective April 1, 1977, but no revenue was due until 1977–78.

[h] This tax became effective July 1, 1984.

[i] This tax was effective from April 1, 1977 through December 31, 1982.

[j] Administration of this tax was transferred to the Board from the Department of Health Services in fiscal year 1981–82.

[k] This tax was first levied in 1981–82 on hazardous waste generated in calendar year 1981.

[l] Insurance taxes amounted to $919,684,000 but are not shown above because most of the work involved is performed by the Insurance Commissioner.

[m] This one-half of one percent tax became effective April 1, 1970, in the counties of Alameda, Contra Costa, and San Francisco. The amounts shown for BARTD for the most recent two years include amounts collected for the Metropolitan Transportation Commission: $29,359,676 for 1985–86 and $30,028,035 for 1986–87, including interest. Effective January 1, 1978, 25 percent of the revenue collected under the Bay Area Rapid Transit District Sales Tax was earmarked for MTC which allocates it to the Alameda-Contra Costa Transit District, San Francisco Municipal Railway, and BARTD.

[n] This one-half of one percent tax was effective from July 1, 1970 through December 31, 1970 in Los Angeles County.

[o] This one-half of one percent tax became effective October 1, 1976, in Santa Clara County.

[p] This one-half of one percent tax became effective January 1, 1979, in Santa Cruz County.

[q] This one-half of one percent tax became effective July 1, 1982, in Los Angeles County.

[s] This one-half of one percent tax became effective July 1, 1982, in San Mateo County.

[t] This one-half of one percent tax became effective April 1, 1985 in Santa Clara County.

[u] This one-half of one percent tax became effective April 1, 1987 in Alameda County.

NOTE: Large increases in revenue may be attributable to higher tax rates. Details on rate changes for the business taxes listed above are presented in the following pages of this appendix in the historical table for each tax program.

TABLE 3A—SUMMARY OF TOTAL COSTS OF PERFORMING BOARD FUNCTIONS, 1985–86 and 1986–87

(In thousands of dollars)

Programs	Board expenditures [a]		Non-board expenditures [b]		Total costs	
	1985–86	1986–87	1985–86	1986–87	1985–86	1986–87
1	2	3	4	5	6	7
County assessment standards	4,892	4,902	215	262	5,107	5,164
State-assessed property [c]	4,691	4,871	285	253	4,976	5,124
Timber tax	1,861	1,932	—	—	1,861	1,932
Sales and use tax	105,567	115,957	4,512	5,146	110,079	121,103
Hazardous substances tax	1,337	1,680	49	61	1,386	1,741
Alcoholic beverage tax	793	1,201	28	44	821	1,245
Cigarette tax	1,950	2,001	73	78	2,023	2,079
Motor vehicle fuel license tax [d]	656	712	—	—	656	712
Use fuel tax	3,734	3,812	—	—	3,734	3,812
Electrical energy tax	73	75	—	—	73	75
Emergency telephone users' surcharge	96	151	—	—	96	151
Insurance tax	119	127	81	31	200	158
Universal telephone service tax	105	170	—	—	105	170
Appeals from other governmental programs	1,452	1,105	53	43	1,505	1,148
Administration and support						
Distributed to other programs [e]	(11,478)	(11,766)	—	—	(11,478)	(11,766)
Non-board programs (reimbursable)	307	364	—	—	307	364
Totals, programs	127,633	139,060	5,296	5,918	132,929	144,978
Reimbursements	−33,643	−33,882	—	—	−33,643	−33,882
Special Funds	−7,877	−8,825	—	—	−7,877	−8,825
Net totals, programs	86,113	96,353	5,296	5,918	91,409	102,271

[a] Format conforms to Program Budget presentation.
[b] Includes a portion of the cost of operating central agencies that perform services for the Board; such as offices of the Attorney General, the State Controller, and the State Personnel Board.
[c] Includes the cost of assessing and collecting the private car tax.
[d] Does not include the cost of administering gasoline tax refunds or collecting delinquent gasoline taxes which are functions of the Controller.
[e] These administrative costs are already allocated to the above tax programs.

TABLE 3B—REVENUES AND RATIOS OF BOARD EXPENDITURES AND TOTAL COSTS TO REVENUES FROM ASSESSMENTS MADE BY THE BOARD, 1985–86 AND 1986–87 [a]

Tax	Revenues (in thousands)		Ratio of board expenditures to revenues (in percent)		Ratio of total costs to revenues (in percent)	
	1985–86	1986–87	1985–86	1986–87	1985–86	1986–87
1	2	3	4	5	6	7
Local taxes on state-assessed property	$618,010	$695,406	.76	.70	.81	.74
Timber tax	12,293	14,376	15.14	13.44	15.14	13.44
Sales and use tax	13,608,767	14,367,118	.78	.81	.81	.84
Hazardous substance tax	24,324	40,690	5.50	4.13	5.70	4.28
Alcoholic beverage tax	132,262	131,287	.60	.91	.62	.95
Cigarette tax	258,142	252,031	.76	.79	.78	.82
Motor vehicle fuel taxes [b]	1,217,381	1,269,010	.36	.36	.36	.36
Electrical energy tax	34,839	35,141	.21	.21	.21	.21
Emergency telephone users' surcharge	34,544	37,344	.28	.40	.28	.40
Universal telephone service tax	88,139	48,284	.12	.35	.12	.35
Totals and ratios	$16,028,700	$16,890,687	.75	.78	.78	.82

[a] Format conforms to Program Budget presentation.
[b] Gasoline tax refunds have not been deducted from collections and the cost of making them is not included in expenditures.

TABLE 4—SUMMARY OF ASSESSED VALUES OF PROPERTY SUBJECT TO LOCAL GENERAL PROPERTY TAXES, ASSESSMENT RATIOS AND AVERAGE TAX RATES, 1977–78 to 1987–88 [a]

(Assessed values in millions of dollars)

Assessment agency and type of property	1977–78	1978–79	1979–80	1980–81	1981–82 [f]	1982–83	1983–84	1984–85	1985–86	1986–87	1987–88
1	2	3	4	5	6	7	8	9	10	11	12
County assessors:											
Land	36,245	37,137	43,335	52,199	238,486	263,447	282,952	312,655	343,274	368,080	403,849
Improvements	54,149	58,316	68,106	79,430	359,878	404,347	437,334	480,170	527,145	581,496	645,242
Totals	90,394	95,453	111,441	131,629	598,364	667,794	720,286	792,825	870,419	949,576	1,049,091
Tangible personal property	12,531	14,481	16,834	8,430	38,404	43,945	46,661	52,282	60,893	66,514	72,819
Gross tangible property totals	102,925	109,934 [d]	128,275	140,059	636,768	711,739	766,947	845,108	931,312	1,016,090	1,121,910
Exemptions:											
Homeowners' exemption	6,787	6,938	7,006	7,169	29,138	29,421	29,563	29,801	30,209	30,691	31,222
Business inventory exemption	3,606	4,203	4,997	[e]	[e]	[e]	[e]	[e]	[e]	[e]	[e]
All other exemptions [b]	2,696	2,806	2,895	3,184	14,553	15,460	16,794	18,583	19,416	21,395	24,165
Net tangible property totals: [c]											
Net of "all other exemptions" [b]	100,229	107,130 [d]	125,380	136,874	622,215	696,279	750,154	826,524	911,896	994,695	1,097,745
Net of all exemptions	89,836	95,987 [d]	113,377	129,706	593,077	666,858	720,590	796,723	881,687	964,004	1,066,523
State Board of Equalization:											
Land	423	460	487	547	2,895	3,390	3,905	4,900	5,248	5,894	6,769
Improvements	3,431	6,001	6,546	6,911	30,430	34,896	40,632	44,724	48,716	54,991	57,259
Totals	3,854	6,461	7,033	7,458	33,325	38,286	44,537	49,624	53,964	60,884	64,028
Tangible personal property	2,611	461	408	407	2,387	2,546	2,680	2,591	2,760	3,107	3,284
Gross tangible property totals	6,465	6,922	7,441	7,865	35,712	40,833	47,217	52,214	56,724	63,992	67,312
Business inventory exemptions	37	48	51	[e]	[e]	[e]	[e]	[e]	[e]	[e]	[e]
Net tangible property totals	6,428	6,874	7,390	7,865	35,712	40,833	47,217	52,214	56,724	63,992	67,312
Totals all property:											
Land	36,668	37,598	43,822	52,746	241,381	266,837	286,857	317,556	348,522	373,973	410,619
Improvements	57,580	64,317	74,652	86,341	390,308	439,243	477,966	524,894	575,861	636,487	702,501
Totals	94,248	101,915	118,474	139,087	631,689	706,080	764,823	842,449	924,383	1,010,460	1,113,120
Tangible personal property	15,143	14,943	17,242	8,837	40,792	46,491	49,341	54,873	63,653	69,622	76,103
Gross tangible property totals	109,391	116,858 [d]	135,715	147,924	672,481	752,572	814,164	897,322	988,036	1,080,082	1,189,223
Net tangible property totals: [c]											
Net of "all other exemptions" [b]	106,694	114,052 [d]	132,821	144,739	657,928	737,112	797,370	878,739	968,620	1,058,687	1,165,057
Net of all exemptions	96,264	102,862 [d]	120,767	137,570	628,789	707,691	767,807	848,937	938,412	1,027,995	1,133,835
Ratios of assessed to full value of locally assessed property (percent)	23.0	—	—	—	—	—	—	—	—	—	—
Statewide average tax rates (per $100 assessed valuation)	$10.68	$4.79	$4.69	$4.63	$1.144	$1.131	$1.126	$1.113	$1.096	$1.083	—

[a] Excludes assessments of railroad cars for application of the State's private car tax (see Tables 17A and 17B) or assessments of motor vehicles for application of the "vehicle license fee", an ad valorem excise tax administered by the Department of Motor Vehicles and exacted from owners of motor vehicles in lieu of general property tax.

[b] "All other exemptions" include those for veterans, churches, religious properties, colleges, schools below college grade, hospitals, and charitable properties.

[c] Tax rates are set on assessed values which include the homeowners' exemption and exclude "all other exemptions" from the gross. Taxes are actually levied on values "net of all exemptions" and the State reimburses local governments for all of the tax loss attributable to the homeowners' exemption.

[d] Does not include changes made after September 1978 to county-assessed 1978–79 roll values. The revised totals shown below reflect the changes made through April 1979. A revised breakdown by type of property is not available.

Revised 1978–79 totals in millions of dollars

	County assessors	Totals all property
Gross tangible property totals	$112,620	$119,542
Net tangible property totals		
Net of "all other exemptions"	109,815	116,737
Net of all exemptions	98,673	105,547

[e] Business inventories became totally exempt effective on the 1980–81 property tax rolls and are no longer enrolled.

[f] The ratio of assessed value to taxable value was changed to 100 percent (from 25 percent) beginning with the lien date for 1981–82.

NOTE: Detail may not add to total because of rounding.

TABLE 5—ASSESSED VALUE OF STATE- AND COUNTY-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES, INCLUSIVE OF THE HOMEOWNERS' EXEMPTION, BY CLASS OF PROPERTY AND BY COUNTY, 1987–88 [a]

(In thousands of dollars)

County	Land	Improvements	Personal property [b]	Exemptions	Net total	Percent change year to year
1	2	3	4	5	6	7
Alameda	$18,255,058	$28,893,740	$3,443,708	$1,041,976	$49,550,531	11.1
Alpine	59,931	87,836	6,321	336	153,752	6.3
Amador	396,451	845,350	39,686	7,633	1,273,853	10.4
Butte	1,800,780	3,573,238	295,119	140,735	5,528,402	5.7
Calaveras	569,367	899,066	71,724	10,182	1,529,975	11.1
Colusa	561,117	424,576	92,113	10,583	1,067,223	−3.1
Contra Costa	12,570,864	26,407,406	1,716,725	515,555	40,179,440	11.7
Del Norte	179,063	297,348	39,846	14,961	501,295	3.1
El Dorado	1,671,096	3,627,087	152,764	68,054	5,382,894	7.4
Fresno	6,408,149	13,223,758	1,424,704	462,634	20,593,976	4.1
Glenn	446,359	514,434	112,512	9,887	1,063,418	−1.2
Humboldt	1,102,602	2,314,850	293,010	78,871	3,631,590	5.3
Imperial	1,378,037	1,789,078	243,945	30,466	3,380,594	10.3
Inyo	813,673	428,933	42,960	16,225	1,269,361	18.8
Kern	15,873,962	13,408,451	1,521,723	320,370	30,483,765	—
Kings	790,528	1,587,063	217,826	54,055	2,541,362	7.4
Lake	1,220,067	1,463,607	77,649	23,761	2,737,561	6.2
Lassen	312,861	462,944	52,851	8,833	819,823	6.2
Los Angeles	119,522,397	188,299,806	20,951,450	7,649,861	321,123,791	11.4
Madera	1,016,337	1,985,786	184,969	31,193	3,155,899	5.7
Marin	4,662,399	8,740,428	432,919	297,216	13,538,529	9.9
Mariposa	270,848	342,956	27,096	3,719	637,184	5.5
Mendocino	1,089,510	1,653,828	140,778	55,251	2,828,865	5.4
Merced	1,606,077	3,065,139	252,427	66,362	4,857,282	3.4
Modoc	273,250	207,173	28,104	2,818	505,709	3.9
Mono	415,236	763,879	46,756	7,010	1,218,860	2.2
Monterey	4,547,169	8,142,301	568,660	188,603	13,069,527	7.3
Napa	1,740,771	3,179,368	232,039	178,409	4,973,769	10.7
Nevada	1,213,235	2,138,792	100,292	18,057	3,434,262	7.4
Orange	45,719,735	61,899,334	7,838,178	1,463,476	113,993,771	9.5
Placer	2,556,096	4,995,905	383,699	92,873	7,842,826	12.0
Plumas	407,774	1,007,318	37,158	8,422	1,443,829	6.8
Riverside	13,336,243	25,037,143	1,245,442	681,795	38,937,035	14.9
Sacramento	8,620,219	22,200,835	1,622,063	799,005	31,644,112	11.1
San Benito	507,487	715,784	83,551	8,437	1,298,385	10.5
San Bernardino	10,850,651	28,932,734	1,995,735	932,441	40,846,680	13.3
San Diego	34,724,925	55,541,662	5,096,672	1,733,692	93,629,567	11.6
San Francisco	12,599,608	25,623,416	2,706,878	1,278,326	39,651,575	8.8
San Joaquin	4,230,398	9,044,588	1,146,271	425,179	13,996,077	7.2
San Luis Obispo	3,377,617	7,911,863	560,849	70,259	11,780,070	10.4
San Mateo	11,374,896	21,767,774	3,495,286	905,138	35,732,818	9.7
Santa Barbara	6,191,898	9,507,184	967,968	380,328	16,276,722	9.0
Santa Clara	22,231,543	45,538,439	10,520,595	2,364,379	75,926,198	8.5
Santa Cruz	3,437,139	5,341,623	445,152	188,190	9,035,724	9.2
Shasta	1,418,274	3,411,899	245,809	109,285	4,966,697	4.7
Sierra	116,109	117,229	7,795	5,024	236,110	6.6
Siskiyou	616,111	930,561	107,126	20,140	1,633,657	5.3
Solano	2,797,299	6,329,366	704,975	129,027	9,702,613	11.5
Sonoma	5,529,291	10,013,543	792,683	247,550	16,087,967	7.5
Stanislaus	2,911,612	7,035,859	551,936	221,504	10,277,903	9.8
Sutter	878,615	1,271,237	139,174	34,320	2,254,706	0.8
Tehama	514,107	977,195	82,090	32,741	1,540,650	4.3
Trinity	207,125	256,033	30,012	2,905	490,265	2.9
Tulare	2,290,715	5,452,902	484,091	107,619	8,119,989	9.9
Tuolumne	790,754	1,225,025	106,565	28,677	2,093,667	18.5
Ventura	9,766,672	17,524,548	1,512,671	472,489	28,331,401	11.7
Yolo	1,373,641	3,100,172	268,659	69,881	4,672,592	8.7
Yuba	474,792	1,021,684	113,302	28,398	1,581,379	7.1
Totals	$410,618,537	$702,500,980	$76,103,081	$24,165,118	$1,165,057,481	10.0

[a] The value of the homeowners' exemption, $31,222,301,000 has been included in the valuations by type of property and excluded from exemptions because tax rates are set on assessed values which include it.

[b] Excludes railroad cars operated by private car companies, which were assessed at $410,765,000 and are subject to exclusive state taxation.

NOTE: Detail may not add to total due to rounding.

TABLE 6—ASSESSED VALUE OF STATE-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES, BY CLASS OF PROPERTY AND BY COUNTY, 1987–88

(In thousands of dollars)

County	Land	Improvements	Personal property [a]	Total	Percent change year to year
1	2	3	4	5	6
Alameda	$293,101	$2,009,610	$217,333	$2,520,043	7.7
Alpine	3,569	10,157	5	13,731	2.9
Amador	8,946	182,817	5,627	197,390	2.5
Butte	21,284	530,025	10,459	551,768	5.8
Calaveras	4,606	105,940	960	111,505	5.9
Colusa	1,527	86,488	1,401	89,416	6.0
Contra Costa	279,680	2,170,955	230,391	2,681,026	6.8
Del Norte	493	23,201	794	24,487	6.7
El Dorado	8,516	250,481	3,160	262,156	1.9
Fresno	113,375	2,270,888	33,542	2,417,805	2.3
Glenn	2,887	94,096	854	97,837	3.3
Humboldt	10,720	244,970	5,131	260,820	1.0
Imperial	17,787	288,796	5,468	312,051	5.8
Inyo	9,741	76,860	1,678	88,280	−1.8
Kern	87,392	1,350,229	30,691	1,468,312	3.8
Kings	10,972	199,727	3,109	213,808	4.8
Lake	6,936	222,792	3,152	232,880	10.8
Lassen	7,045	79,518	5,669	92,232	9.9
Los Angeles	2,579,872	11,134,531	600,795	14,315,198	5.9
Madera	45,264	332,886	5,292	383,442	1.8
Marin	53,244	386,046	6,465	445,755	3.8
Mariposa	10,836	85,913	80	96,830	3.1
Mendocino	8,661	171,383	2,615	182,659	2.0
Merced	23,847	322,305	5,950	352,101	1.1
Modoc	2,812	58,554	3,941	65,308	9.4
Mono	4,745	54,480	713	59,938	−3.0
Monterey	37,109	935,211	45,298	1,017,618	1.6
Napa	6,321	171,774	3,279	181,374	2.3
Nevada	21,787	190,048	3,270	215,104	0.2
Orange	531,700	3,187,095	185,856	3,904,650	8.4
Placer	63,067	458,019	27,783	548,868	19.1
Plumas	41,154	458,288	7,166	506,609	6.2
Riverside	114,023	1,840,320	49,800	2,004,343	11.6
Sacramento	110,641	1,289,380	66,641	1,466,662	−2.4
San Benito	6,345	92,390	461	99,196	5.4
San Bernardino	272,555	3,110,505	177,743	3,560,803	5.3
San Diego	306,393	6,804,659	573,416	7,684,468	5.2
San Francisco	360,785	1,959,300	292,349	2,612,434	4.4
San Joaquin	190,479	813,728	37,019	1,041,226	1.0
San Luis Obispo	71,671	3,661,908	239,573	3,973,152	5.9
San Mateo	140,808	923,882	109,983	1,174,674	−0.4
Santa Barbara	154,657	557,295	11,816	723,768	7.9
Santa Clara	246,450	2,024,359	56,119	2,326,929	3.7
Santa Cruz	15,499	258,003	3,495	276,997	3.1
Shasta	42,246	778,822	14,792	835,859	−3.6
Sierra	16,751	23,238	224	40,214	10.9
Siskiyou	17,986	148,086	14,831	180,902	9.8
Solano	35,395	478,344	15,927	529,666	6.6
Sonoma	23,887	1,048,694	18,741	1,091,322	4.4
Stanislaus	43,545	388,055	8,643	440,243	6.5
Sutter	5,994	147,383	2,602	155,979	6.3
Tehama	4,547	175,114	3,713	183,374	3.3
Trinity	1,160	44,543	460	46,163	3.7
Tulare	38,140	573,778	12,397	624,315	4.7
Tuolumne	5,121	132,515	2,109	139,745	2.2
Ventura	184,406	1,340,734	92,976	1,618,116	6.2
Yolo	29,876	246,506	12,990	289,372	3.3
Yube	11,002	263,103	7,129	281,234	3.8
Totals	$6,769,357	$57,258,930	$3,283,870	$67,312,156	5.2

[a] Excludes railroad cars operated by private car companies, which were assessed at $410,765,000 and are subject to exclusive state taxation.

NOTE: Detail may not add to total due to rounding.

TABLE 7—ASSESSED VALUE OF COUNTY-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES, INCLUSIVE OF THE HOMEOWNERS' EXEMPTION, BY CLASS OF PROPERTY AND BY COUNTY, 1987–88 *

(In thousands of dollars)

County	Land	Improvements	Personal property	Exemptions	Net total	Percent change year to year
1	2	3	4	5	6	7
Alameda	$17,961,957	$26,884,130	$3,226,375	$1,041,976	$47,030,487	11.3
Alpine	56,363	77,678	6,316	336	140,021	6.7
Amador	387,505	662,532	34,059	7,633	1,076,463	12.0
Butte	1,779,496	3,053,213	284,660	140,735	4,976,634	5.7
Calaveras	564,761	793,126	70,765	10,182	1,418,470	11.6
Colusa	359,591	338,087	90,712	10,583	977,807	−3.9
Contra Costa	12,291,183	24,236,451	1,486,334	515,555	37,498,414	12.0
Del Norte	178,570	274,147	39,053	14,961	476,808	3.0
El Dorado	1,662,580	3,376,607	149,605	68,054	5,120,738	7.7
Fresno	6,294,774	10,952,870	1,391,162	462,634	18,176,171	4.3
Glenn	443,472	420,338	111,658	9,887	965,581	−1.6
Humboldt	1,091,882	2,069,880	287,879	78,871	3,370,769	5.6
Imperial	1,360,249	1,500,281	238,478	30,466	3,068,542	10.7
Inyo	803,932	352,073	41,302	16,225	1,181,082	20.6
Kern	15,786,570	12,058,222	1,491,032	320,370	29,015,454	−0.2
Kings	779,356	1,387,336	214,717	54,055	2,327,553	7.6
Lake	1,213,131	1,240,815	74,497	23,751	2,504,692	5.8
Lassen	305,817	383,425	47,192	8,833	727,591	5.8
Los Angeles	116,942,525	177,165,275	20,350,655	7,649,861	306,808,594	11.7
Madera	971,072	1,652,900	179,677	31,193	2,772,457	6.3
Marin	4,609,155	8,354,382	426,454	297,216	13,092,774	10.1
Mariposa	260,012	257,045	27,017	3,719	540,355	6.0
Mendocino	1,080,849	1,482,445	138,163	55,251	2,646,206	5.6
Merced	1,582,230	2,742,835	246,478	66,362	4,505,181	−3.6
Modoc	270,437	148,619	24,163	2,818	440,401	3.1
Mono	410,491	709,399	46,043	7,010	1,158,922	2.5
Monterey	4,510,060	7,207,090	523,362	188,603	12,051,910	7.8
Napa	1,734,450	3,007,594	228,760	178,409	4,792,396	11.0
Nevada	1,191,449	1,948,745	97,022	18,057	3,219,158	7.9
Orange	45,188,035	58,712,239	7,652,322	1,463,476	110,089,120	9.5
Placer	2,493,029	4,537,886	355,916	92,873	7,293,958	11.5
Plumas	366,621	549,030	29,992	8,422	937,221	7.1
Riverside	13,222,220	23,196,625	1,195,642	681,795	36,932,692	15.0
Sacramento	8,509,578	20,911,455	1,555,422	799,005	30,177,450	11.8
San Benito	501,142	623,394	83,090	8,437	1,199,189	10.9
San Bernardino	10,578,097	25,822,229	1,817,992	932,441	37,285,877	14.2
San Diego	34,418,532	48,737,004	4,523,256	1,733,692	85,945,100	12.3
San Francisco	12,238,823	23,664,116	2,414,528	1,278,326	37,039,141	9.1
San Joaquin	4,039,919	8,230,860	1,109,252	425,179	12,954,852	7.8
San Luis Obispo	3,305,947	4,249,956	321,275	70,259	7,806,918	12.9
San Mateo	11,234,088	20,843,891	3,385,303	905,138	34,558,144	10.1
Santa Barbara	6,037,241	8,949,889	956,152	390,328	15,552,954	9.0
Santa Clara	21,985,092	43,514,080	10,464,476	2,364,379	73,599,270	8.6
Santa Cruz	3,421,641	5,083,619	441,657	188,190	8,758,727	9.4
Shasta	1,376,028	2,633,077	231,017	109,285	4,130,838	6.6
Sierra	99,358	93,991	7,571	5,024	195,896	5.7
Siskiyou	598,125	782,475	92,295	20,140	1,452,755	4.8
Solano	2,761,904	5,851,023	689,048	129,027	9,172,947	11.8
Sonoma	5,505,403	8,964,849	773,943	247,550	14,996,645	7.7
Stanislaus	2,868,067	6,647,904	543,293	221,504	9,837,660	9.9
Sutter	872,621	1,123,854	136,572	34,320	2,098,727	0.4
Tehama	509,560	802,080	78,377	32,741	1,357,276	4.4
Trinity	205,965	211,491	29,552	2,905	444,102	2.8
Tulare	2,252,575	4,879,024	471,695	107,619	7,495,674	10.3
Tuolumne	785,632	1,092,510	104,457	28,677	1,953,922	19.9
Ventura	9,582,266	16,183,814	1,419,694	472,489	26,713,286	12.1
Yolo	1,343,764	2,853,667	255,669	69,881	4,383,220	9.0
Yuba	463,789	758,580	106,173	28,398	1,300,144	7.9
Totals	$403,849,181	$645,242,051	$72,819,211	$24,165,118	$1,097,745,325	10.4

* The value of the homeowners' exemption, $31,222,301,000 has been included in the valuations by type of property and excluded from exemptions because tax rates are set on assessed values which include it.

NOTE: Detail may not add to total due to rounding.

TABLE 8—NUMBER OF VETERANS' EXEMPTIONS AND EXEMPT VALUE OF VETERANS', COLLEGE, CHURCH, RELIGIOUS, AND WELFARE EXEMPTIONS, 1987–88

(Assessed values in thousands of dollars)

County	Number of Veterans' exemptions [a]	Exempt value			
		Veterans' [a]	College	Church	Religious
1	2	3	4	5	6
Alameda	263	$13,259	$53,550	$13,457	$152,158
Alpine	1	54	—	38	—
Amador	17	741	—	145	3,315
Butte [b]	151	5,844	—	263	48,987
Calaveras	19	979	—	—	6,805
Colusa	11	161	—	3,093	—
Contra Costa	213	11,950	44,191	1,093	143,082
Del Norte [b]	21	556	—	83	5,050
El Dorado	80	5,183	—	475	18,045
Fresno [b]	208	8,105	17,987	31,861	89,131
Glenn	12	365	—	—	7,328
Humboldt [b]	56	2,188	—	3,014	16,824
Imperial	51	526	—	293	20,868
Inyo	11	315	4,219	5,253	934
Kern	172	3,476	—	131,376	—
Kings	28	873	—	3,087	14,443
Lake	69	2,035	—	93	8,250
Lassen	30	763	—	—	5,733
Los Angeles [b]	1,276	61,467	1,245,396	58,993	1,253,718
Madera	32	1,064	—	—	15,407
Marin	84	5,401	44,266	17,982	24,723
Mariposa	22	965	—	236	2,361
Mendocino [b]	28	1,399	641	851	8,002
Merced	127	5,068	—	5,333	30,051
Modoc	15	181	—	8	1,452
Mono [b]	—	—	—	584	2,167
Monterey	252	13,587	2,516	9,469	40,466
Napa [b]	45	2,264	28,458	5,726	21,681
Nevada [b]	69	3,801	—	258	10,816
Orange [b]	583	34,387	62,830	21,167	350,267
Placer	83	4,700	—	4,133	24,816
Plumas	17	899	—	826	4,619
Riverside [b]	459	23,645	34,337	1,902	147,321
Sacramento [b]	526	26,771	20,243	28,099	143,577
San Benito [b]	7	357	—	225	4,676
San Bernardino [b]	579	22,725	83,470	58,999	151,823
San Diego	1,355	76,175	121,914	31,802	276,808
San Francisco	104	4,888	126,379	43,846	123,398
San Joaquin	121	5,705	95,979	2,514	100,559
San Luis Obispo	89	4,138	28	10,789	31,537
San Mateo	157	9,709	248,215	10,291	101,584
Santa Barbara	145	8,216	22,490	7,516	67,580
Santa Clara	315	18,236	1,341,465	76,164	170,962
Santa Cruz [b]	66	3,662	244	33,089	—
Shasta [b]	89	4,153	650	500	36,906
Sierra	6	63	—	—	1,153
Siskiyou	59	964	—	—	9,302
Solano [b]	320	15,199	568	3,030	30,657
Sonoma [b]	168	9,970	—	7,252	45,084
Stanislaus	93	3,744	—	7,869	89,792
Sutter [b]	31	1,706	—	370	15,736
Tehama [b]	32	1,192	—	—	10,178
Trinity	12	127	—	66	1,988
Tulare [b]	85	2,788	—	699	66,182
Tuolumne	43	1,529	4	1,847	9,074
Ventura	194	11,570	41,272	23,526	101,839
Yolo [b]	47	2,099	—	1,425	18,165
Yuba [b]	50	1,679	—	85	10,726
Totals	9,198	$453,763	$3,641,311	$671,091	$4,098,107

[a] Disabled veterans included in these figures numbered 8,165 with an exempt value of $450,824,000. Comparable figures for 1986–87 were 8,147 and $431,492,000.

[b] An additional exemption enacted by the Legislature in 1975. Section 155.20 of the Revenue and Taxation Code, permits counties to exempt property having low full value. The statute allows the exemption where the tax proceeds are less than the costs of administration, up to a full value of less than $2,000. Eight counties adopted ordinances and exempted the following amounts on the 1987 rolls: Fresno, $425,000; Humboldt, $808,000; Mendocino, $221,000; Napa, $234,000; Sonoma, $4,309,000; Sutter, $736,000; Tehama, $440,000; and Yuba, $692,000. An additional 15 counties: Butte, Del Norte, Los Angeles, Mono, Nevada, Orange, Riverside, Sacramento, San Benito, San Bernardino, Santa Cruz, Shasta, Solano, Tulare and Yolo have adopted ordinances and exempt low value properties by assigning them a taxable value of zero.

TABLE 8—NUMBER OF VETERANS' EXEMPTIONS AND EXEMPT VALUE OF VETERANS', COLLEGE, CHURCH, RELIGIOUS, AND WELFARE EXEMPTIONS, 1987–88—Concluded

(Assessed values in thousands of dollars)

County	Exempt value				Total exempt value as percent of tax base [e]
	Welfare				
	Schools below college grade	Hospitals	Other charitable properties [c]	Total [d]	
7	8	9	10	11	12
Alameda	—	$339,814	$469,737	$1,041,976	2.1
Alpine	—	—	244	336	0.2
Amador	—	—	3,433	7,633	0.6
Butte	—	66,842	18,799	140,735	2.5
Calaveras	—	—	1,918	9,702	0.6
Colusa	$232	6,673	424	10,583	1.0
Contra Costa	34,770	188,088	95,264	518,437	1.3
Del Norte	367	5,884	3,022	14,961	3.0
El Dorado	1,430	16,941	25,980	68,054	1.3
Fresno	24,289	174,712	116,124	462,634	2.2
Glenn	—	—	2,195	9,887	0.9
Humboldt	6,482	22,176	27,344	78,835	2.2
Imperial	2,174	—	6,898	30,759	0.9
Inyo	851	—	4,653	16,225	1.3
Kern	14,744	133,577	37,311	320,484	1.1
Kings	3,874	21,697	10,082	54,055	2.1
Lake	282	8,977	4,124	23,761	0.9
Lassen	2,337	—	—	8,833	1.1
Los Angeles	335,781	2,843,483	1,851,025	7,649,861	2.4
Madera	419	11,725	2,574	31,190	1.0
Marin	36,198	61,340	107,576	297,485	2.2
Mariposa	—	—	151	3,712	0.6
Mendocino	3,967	13,170	26,961	55,233	2.0
Merced	2,364	14,720	8,827	66,362	1.4
Modoc	—	919	257	2,818	0.6
Mono	—	4,057	189	6,997	0.6
Monterey	15,003	53,708	53,854	188,603	1.4
Napa	11,837	86,591	21,619	178,409	3.6
Nevada	—	—	2,832	17,707	0.5
Orange	81,706	467,491	445,630	1,463,478	1.3
Placer	2,913	17,800	38,516	92,876	1.2
Plumas	—	—	2,077	8,422	0.6
Riverside	15,933	210,401	240,686	674,225	1.7
Sacramento	28,615	394,705	156,986	798,997	2.5
San Benito	1,373	—	1,607	8,437	0.6
San Bernardino	25,085	391,775	186,386	920,264	2.3
San Diego	80,103	468,695	678,195	1,733,692	1.9
San Francisco	5,409	358,541	623,125	1,285,585	3.2
San Joaquin	9,340	98,695	112,387	425,179	3.0
San Luis Obispo	7,883	—	15,885	70,259	0.6
San Mateo	54,350	253,799	227,076	905,024	2.5
Santa Barbara	39,568	111,861	133,098	390,328	2.4
Santa Clara	72,058	321,631	363,864	2,364,379	3.1
Santa Cruz	16,076	65,969	69,158	188,197	2.1
Shasta	3,339	32,445	29,024	107,016	2.2
Sierra	—	2,674	1,093	4,983	2.1
Siskiyou	—	3,810	6,064	20,140	1.2
Solano	4,567	58,887	16,119	129,027	1.3
Sonoma	15,307	63,750	101,934	247,606	1.5
Stanislaus	11,412	21,681	80,309	214,806	2.1
Sutter	3,544	10,364	1,864	34,320	1.5
Tehama	1,681	12,271	7,339	33,101	2.1
Trinity	326	—	398	2,905	0.6
Tulare	1,098	8,295	28,616	107,677	1.3
Tuolumne	1,129	10,140	4,954	28,677	1.4
Ventura	31,582	102,419	160,281	472,489	1.7
Yolo	5,030	20,220	22,941	69,881	1.5
Yuba	—	—	15,306	28,398	1.8
Totals	$1,016,826	$7,583,411	$6,674,351	$24,146,636	2.1

[c] General welfare agencies, youth service agencies and relig[illegible]s properties other than churches.

[d] Includes all enrolled exemptions except those arising from the homeowners' exemption law.

[e] The tax base includes the values of the homeowners' exemptions but excludes all other exemptions. Tax base is given in column 6 of Table 5.

TABLE 9—GROSS ASSESSED VALUE OF STATE- AND COUNTY-ASSESSED PROPERTY, NUMBER OF HOMEOWNERS' EXEMPTIONS, EXEMPT VALUE BY TYPE OF EXEMPTION, AND NET ASSESSED VALUE SUBJECT TO GENERAL PROPERTY TAXES, 1987–88 [a]

(Assessed values in thousands of dollars)

County	Gross assessed value	Number of homeowners' exemptions	Exempt value			Taxable assessed value (net of all exemptions)
			Homeowners'	All other	Total	
1	2	3	4	5	6	7
Alameda	$50,592,506	216,883	$1,516,881	$1,041,976	$2,558,857	$48,033,650
Alpine	154,088	183	1,280	336	1,616	152,472
Amador	1,281,487	5,537	38,754	7,633	46,387	1,235,099
Butte	5,669,137	34,604	242,216	140,735	382,951	5,286,186
Calaveras	1,540,157	6,670	46,686	10,182	56,868	1,483,289
Colusa	1,077,806	2,991	20,821	10,583	31,404	1,046,402
Contra Costa	40,694,995	167,758	1,174,237	515,555	1,689,792	39,005,203
Del Norte	516,256	3,764	26,003	14,961	40,964	475,293
El Dorado	5,450,948	22,685	158,450	68,054	226,504	5,224,445
Fresno	21,056,611	92,441	646,348	462,634	1,108,983	19,947,628
Glenn	1,073,305	4,448	31,104	9,887	40,992	1,032,313
Humboldt	3,710,461	22,035	153,387	78,871	232,259	3,478,202
Imperial	3,411,060	14,198	98,167	30,466	128,633	3,282,427
Inyo	1,235,586	3,130	21,590	16,225	37,815	1,247,772
Kern	30,804,135	79,001	552,998	320,370	873,368	29,930,768
Kings	2,595,417	12,764	88,647	54,055	142,702	2,452,715
Lake	2,761,322	11,259	78,434	23,761	102,195	2,659,127
Lassen	828,656	4,633	32,125	8,833	40,958	787,697
Los Angeles	328,773,653	1,158,878	8,105,738	7,649,861	15,755,600	313,018,053
Madera	3,187,091	13,295	92,751	31,193	123,944	3,063,148
Marin	13,835,745	50,055	350,344	297,216	647,561	13,188,185
Mariposa	640,903	2,841	19,800	3,719	23,519	617,384
Mendocino	2,884,116	14,145	99,008	55,251	154,259	2,729,857
Merced	4,923,643	23,358	162,983	66,362	229,345	4,694,298
Modoc	508,527	2,326	16,058	2,818	18,875	489,652
Mono	1,225,871	1,257	8,755	7,010	15,765	1,210,106
Monterey	13,258,130	44,847	313,894	188,603	502,497	12,755,633
Napa	5,152,178	20,400	142,620	178,409	321,029	4,831,149
Nevada	3,452,320	15,918	111,358	18,057	129,416	3,322,904
Orange	115,457,246	388,911	2,719,182	1,463,476	4,182,657	111,274,589
Placer	7,935,699	32,556	227,647	92,873	320,521	7,615,179
Plumas	1,452,251	4,504	31,396	8,422	39,818	1,412,433
Riverside	39,618,830	135,638	1,089,358	681,795	1,771,152	37,847,677
Sacramento	32,443,117	178,994	1,252,794	799,005	2,051,799	30,391,318
San Benito	1,306,822	5,068	35,471	8,437	43,908	1,262,914
San Bernardino	41,779,121	193,725	1,350,244	932,441	2,282,685	39,496,436
San Diego	95,363,260	350,773	2,455,125	1,733,692	4,188,818	91,174,442
San Francisco	40,929,901	97,195	679,707	1,278,326	1,958,033	38,971,868
San Joaquin	14,421,257	72,862	508,915	425,179	934,094	13,487,162
San Luis Obispo	11,850,330	33,064	231,323	70,259	301,582	11,548,747
San Mateo	36,637,956	129,893	909,135	905,138	1,814,273	34,823,683
Santa Barbara	16,667,051	55,545	388,756	390,328	779,085	15,887,966
Santa Clara	78,290,577	251,060	1,757,374	2,364,379	4,121,752	74,168,825
Santa Cruz	9,223,914	34,959	244,704	188,190	432,894	8,791,020
Shasta	5,075,981	26,817	187,527	109,285	296,812	4,779,169
Sierra	241,134	818	5,698	5,024	10,722	230,412
Siskiyou	1,653,797	10,006	69,526	20,140	89,666	1,564,131
Solano	9,831,640	50,907	356,191	129,027	485,218	9,346,422
Sonoma	16,335,517	67,087	469,596	247,550	717,146	15,618,371
Stanislaus	10,499,407	56,137	392,944	221,504	614,448	9,884,959
Sutter	2,289,026	10,846	75,894	34,320	110,214	2,178,812
Tehama	1,573,391	10,240	71,192	32,741	103,933	1,469,458
Trinity	493,170	2,873	20,039	2,905	22,944	470,226
Tulare	8,227,607	46,307	323,068	107,619	430,707	7,796,901
Tuolumne	2,122,344	9,138	62,956	28,677	91,633	2,030,711
Ventura	28,803,890	108,404	753,391	472,489	1,225,880	27,578,010
Yolo	4,742,472	20,700	144,311	69,881	214,192	4,528,280
Yuba	1,609,777	8,231	57,379	28,398	85,777	1,524,000
Totals	$1,189,222,599	4,465,562	$31,222,301	$24,165,118	$55,387,418	$1,133,835,180

[a] Business inventory exemptions, formerly shown in this table, are no longer available because inventories became totally exempt effective on the 1980–81 property tax rolls and are not enrolled.

NOTE: Detail may not add to total due to rounding.

TABLE 10—NET [a] STATE- AND COUNTY-ASSESSED VALUE OF PROPERTY SUBJECT TO GENERAL PROPERTY TAXES ON THE SECURED AND UNSECURED ROLLS, BY COUNTY, 1987–88

(In thousands of dollars)

County	Secured valuations			Unsecured valuations (local only) [b]	Total assessed value
	State-assessed	Locally assessed	Total		
1	2	3	4	5	6
Alameda	$2,526,043	$42,498,305	$45,018,348	$4,532,182	$49,550,531
Alpine	13,731	113,770	127,501	26,251	153,752
Amador	197,390	1,026,983	1,224,374	49,480	1,273,853
Butte	551,768	4,738,193	5,289,961	238,441	5,528,402
Calaveras	111,505	1,361,339	1,472,844	57,130	1,529,975
Colusa	89,416	923,036	1,012,453	54,770	1,067,223
Contra Costa	2,681,026	35,690,650	38,371,676	1,807,764	40,179,440
Del Norte	24,487	447,714	472,201	29,094	501,295
El Dorado	262,156	4,954,405	5,216,561	166,333	5,382,894
Fresno	2,417,805	17,096,398	19,514,203	1,079,774	20,593,976
Glenn	97,837	916,465	1,014,302	49,116	1,063,418
Humboldt	260,820	3,075,090	3,335,910	295,679	3,631,590
Imperial	312,051	2,751,712	3,063,763	316,830	3,380,594
Inyo	88,280	1,144,796	1,233,075	36,286	1,269,361
Kern	1,468,312	27,200,966	28,669,278	1,814,488	30,483,765
Kings	213,808	2,212,371	2,426,180	115,182	2,541,362
Lake	232,880	2,195,006	2,427,885	309,676	2,737,561
Lassen	92,232	688,231	780,463	39,360	819,823
Los Angeles	14,315,198	284,795,421	299,110,619	22,013,173	321,123,791
Madera	383,442	2,656,672	3,040,113	115,785	3,155,899
Marin	445,755	12,420,525	12,866,280	672,249	13,538,529
Mariposa	96,830	484,727	581,557	55,628	637,184
Mendocino	182,659	2,508,358	2,691,017	137,848	2,828,865
Merced	352,101	4,277,842	4,629,943	227,338	4,857,282
Modoc	65,308	422,904	488,212	17,497	505,709
Mono	59,938	1,050,128	1,110,066	108,794	1,218,860
Monterey	1,017,618	11,362,735	12,380,353	689,175	13,069,527
Napa	181,374	4,637,687	4,819,061	154,709	4,973,769
Nevada	215,104	3,097,069	3,312,173	122,089	3,434,262
Orange	3,904,650	100,973,383	104,878,033	9,115,738	113,993,771
Placer	548,868	6,973,699	7,522,567	320,259	7,842,826
Plumas	506,609	894,978	1,401,587	42,242	1,443,829
Riverside	2,004,343	35,130,911	37,135,253	1,801,782	38,937,035
Sacramento	1,466,662	28,140,199	29,606,861	2,037,252	31,644,112
San Benito	99,196	1,136,567	1,235,763	62,621	1,298,385
San Bernardino	3,560,803	35,166,228	38,727,031	2,119,649	40,846,680
San Diego	7,684,468	81,836,255	89,520,722	4,108,845	93,629,567
San Francisco	2,612,434	32,997,658	35,610,093	4,041,483	39,651,575
San Joaquin	1,041,226	12,039,373	13,080,599	915,479	13,996,077
San Luis Obispo	3,973,152	7,499,579	11,472,731	307,339	11,780,070
San Mateo	1,174,674	30,239,575	31,414,249	4,318,568	35,732,818
Santa Barbara	723,768	14,323,868	15,047,636	1,229,087	16,276,722
Santa Clara	2,326,929	64,282,332	66,609,261	9,316,937	75,926,198
Santa Cruz	276,997	8,323,413	8,600,411	435,314	9,035,724
Shasta	835,859	3,846,529	4,682,388	284,309	4,966,697
Sierra	40,214	173,594	213,809	22,301	236,110
Siskiyou	180,902	1,312,405	1,493,307	140,350	1,633,657
Solano	529,666	8,713,139	9,242,805	459,808	9,702,613
Sonoma	1,091,322	14,335,446	15,426,768	661,199	16,087,967
Stanislaus	440,243	9,225,450	9,665,693	612,210	10,277,903
Sutter	155,979	1,975,891	2,131,870	122,837	2,254,706
Tehama	183,374	1,307,756	1,491,130	49,520	1,540,650
Trinity	46,163	409,195	455,358	34,907	490,265
Tulare	624,315	7,139,461	7,763,775	356,213	8,119,989
Tuolumne	139,745	1,862,133	2,001,878	91,789	2,093,667
Ventura	1,618,116	24,898,154	26,516,270	1,815,131	28,331,401
Yolo	289,372	4,078,020	4,367,391	305,200	4,672,592
Yuba	281,234	1,155,025	1,436,260	145,119	1,581,379
Totals	$67,312,156	$1,017,139,715	$1,084,451,871	$80,605,610	$1,165,057,481

[a] Includes the value of the homeowners' exemption but excludes "all other" exemptions.

[b] All state-assessed property is on the secured roll.

NOTE: Detail may not add to total due to rounding.

TABLE 11—ASSESSED VALUE * OF STATE- AND COUNTY-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES INCLUSIVE OF THE HOMEOWNERS' EXEMPTION, BY INCORPORATED CITIES, 1987–88

(In thousands of dollars)

City	Assessed value		City	Assessed value		City	Assessed value	
	State	Local		State	Local		State	Local
1	2	3	1	2	3	1	2	3
Adelanto	14,267	298,795	Cathedral City	45,993	875,873	Eureka	54,520	663,482
Agoura Hills	41,597	1,262,307	Ceres	17,834	416,893	Exeter	9,525	131,467
Alameda	59,122	2,402,621	Cerritos	88,890	2,322,555	Fairfax	4,891	278,377
Albany	26,218	481,071	Chico	93,568	1,030,993	Fairfield	101,284	2,116,670
Alhambra	169,251	2,087,307	Chino	69,560	1,552,574	Farmersville	4,163	58,753
Alturas	8,359	61,587	Chowchilla	9,518	97,437	Ferndale	2,956	29,625
Amador	192	5,716	Chula Vista	354,687	3,399,316	Fillmore	12,315	208,823
Anaheim	543,629	10,970,259	Claremont	30,528	990,061	Firebaugh	5,324	50,323
Anderson	12,144	147,670	Clayton	7,936	217,351	Folsom	21,884	904,742
Angels	7,186	61,235	Clearlake	17,604	285,768	Fontana	77,158	1,669,258
Antioch	69,097	1,559,174	Cloverdale	6,431	102,139	Fort Bragg	12,005	212,263
Arcadia	57,819	2,295,010	Clovis	52,385	1,178,940	Fort Jones	4,243	14,622
Arcata	17,737	314,443	Coachella	15,444	185,232	Fortuna	9,693	199,767
Arroyo Grande	18,587	476,298	Coalinga	6,509	136,506	Foster City	20,530	1,754,209
Artesia	49,571	372,542	Colfax	4,190	35,315	Fountain Valley	45,931	2,187,307
Arvin	5,726	79,436	Colma	6,275	107,257	Fowler	6,833	60,096
Atascadero	27,757	695,730	Colton	73,090	817,614	Fremont	302,810	7,918,397
Atherton	13,382	833,906	Colusa	9,100	95,860	Fresno	511,104	8,329,476
Atwater	19,935	314,609	Commerce	242,753	1,689,914	Fullerton	147,721	4,942,344
Auburn	35,279	351,491	Compton	183,034	1,449,019	Galt	6,490	141,928
Avalon	6,092	184,429	Concord	212,304	4,730,402	Gardena	43,206	1,528,477
Avenal	22,620	61,838	Corcoran	6,246	105,121	Garden Grove	119,394	4,069,464
Azusa	29,059	952,352	Corning	10,216	111,102	Gilroy	33,351	968,785
Bakersfield	301,209	5,258,007	Corona	92,597	1,995,751	Glendale	137,342	6,353,680
Baldwin Park	68,785	1,020,245	Coronado	30,078	1,211,945	Glendora	47,431	1,358,504
Banning	28,766	332,541	Corte Madera	6,904	629,875	Gonzales	4,502	136,811
Barstow	70,939	418,021	Costa Mesa	102,831	5,022,190	Grand Terrace	51,701	269,303
Beaumont	18,407	194,713	Cotati	5,185	148,889	Grass Valley	21,853	255,824
Bell	45,118	441,383	Covina	93,673	1,402,694	Greenfield	4,403	78,874
Bellflower	68,698	1,266,488	Crescent City	7,783	99,380	Gridley	5,636	84,172
Bell Gardens	37,634	424,098	Cudahy	5,653	208,599	Grover City	7,072	287,336
Belmont	21,492	1,160,899	Culver City	137,943	2,486,727	Guadalupe	6,544	65,241
Belvedere	1,947	285,149	Cupertino	54,819	2,917,425	Gustine	3,892	90,587
Benicia	28,770	1,260,619	Cypress	53,087	1,603,378	Half Moon Bay	12,033	400,616
Berkeley	115,693	3,228,148	Daly City	82,207	2,242,122	Hanford	36,229	614,407
Beverly Hills	156,022	5,769,422	Danville	70,957	1,819,110	Hawaiian Gardens	6,870	211,896
Big Bear Lake	21,904	724,181	Davis	55,108	1,220,777	Hawthorne	107,025	2,359,935
Biggs	1,980	22,197	Delano	19,505	266,030	Hayward	332,063	4,277,283
Bishop	13,719	149,096	Del Mar	7,544	421,745	Healdsburg	12,542	345,370
Blue Lake	1,781	49,081	Del Rey Oaks	1,970	54,172	Hemet	55,532	948,511
Blythe	19,632	135,406	Desert Hot Springs	19,305	305,355	Hercules	40,934	576,335
Bradbury	838	71,506	Dinuba	11,098	176,945	Hermosa Beach	41,300	982,433
Brawley	11,062	256,594	Dixon	10,500	242,502	Hidden Hills	1,631	197,150
Brea	50,467	2,334,266	Dorris	2,629	11,111	Hillsborough	14,091	1,375,262
Brentwood	12,803	176,540	Dos Palos	4,634	53,708	Hollister	21,848	462,544
Brisbane	76,304	398,174	Downey	127,168	2,760,666	Holtville	3,396	64,287
Buena Park	128,489	2,503,898	Duarte	14,866	568,424	Hughson	2,995	44,991
Burbank	109,378	4,803,106	Dublin	18,759	911,748	Huntington Beach	491,991	8,067,775
Burlingame	174,940	2,032,913	Dunsmuir	4,301	36,176	Huntington Park	63,971	757,865
Calexico	10,784	234,364	East Palo Alto	10,491	316,449	Huron	3,010	33,253
California City	6,675	150,219	El Cajon	88,762	2,521,024	Imperial	3,081	58,463
Calipatria	3,176	25,071	El Centro	30,208	526,163	Imperial Beach	23,297	418,283
Calistoga	5,673	146,094	El Cerrito	23,496	744,608	Indian Wells	12,818	1,000,065
Camarillo	71,264	2,495,762	El Monte	22	1,763,869	Indio	46,829	802,262
Campbell	26,391	1,618,040	El Segundo	302,061	4,438,673	Industry	119,954	2,114,650
Capitola	19,544	427,617	Emeryville	33,908	718,256	Inglewood	103,187	2,352,237
Carlsbad	398,218	3,703,541	Encinitas	67,751	2,464,480	Ione	2,826	31,817
Carmel	11,310	554,541	Escalon	5,648	104,538	Irvine	301,409	10,458,397
Carpinteria	22,110	484,023	Escondido	133,629	3,280,327	Irwindale	54,408	660,827
Carson	142,785	4,442,114	Etna	1,474	14,209	Isleton	2,946	12,526

TABLE 11—ASSESSED VALUE ° OF STATE- AND COUNTY-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES INCLUSIVE OF THE HOMEOWNERS' EXEMPTION, BY INCORPORATED CITIES, 1987–88—Continued

(In thousands of dollars)

City	Assessed value		City	Assessed value		City	Assessed value	
	State	Local		State	Local		State	Local
1	2	3	1	2	3	1	2	3
Jackson	8,839	107,399	Montague	2,592	22,923	Pomona	201,431	2,890,765
Kerman	6,238	87,574	Montclair	28,617	820,161	Porterville	33,440	542,042
King City	9,573	155,812	Montebello	209,663	1,506,376	Port Hueneme	13,889	493,287
Kingsburg	7,429	138,460	Monterey	67,870	1,631,261	Portola	5,567	42,767
La Canada-Flintridge	59,774	1,081,016	Monterey Park	107,074	1,917,876	Portola Valley	5,723	422,197
Lafayette	32,834	1,356,040	Monte Sereno	2,601	249,763	Poway	46,457	1,526,350
Laguna Beach	32,899	1,491,608	Moorpark	40,794	842,154	Rancho Cucamonga	311,545	3,451,497
La Habra	62,695	1,680,576	Moraga	18,550	864,797	Rancho Mirage	44,422	1,763,419
La Habra Heights	17,382	341,190	Moreno Valley	101,385	2,412,772	Rancho Palos Verdes	60,067	2,589,435
Lake Elsinore	26,041	439,384	Morgan Hill	33,281	974,010	Red Bluff	22,360	262,555
Lakeport	12,961	155,627	Morro Bay	236,370	413,227	Redding	111,088	1,784,999
Lakewood	62,363	2,150,537	Mountain View	112,592	4,157,022	Redlands	111,326	1,602,911
La Mesa	77,494	1,579,272	Mount Shasta	5,862	98,205	Redondo Beach	358,535	3,400,801
La Mirada	42,133	1,472,130	Napa	69,722	1,847,116	Redwood City	122,210	3,073,826
Lancaster	92,608	2,066,965	National City	58,115	965,733	Reedley	22,820	250,961
La Palma	10,801	589,025	Needles	11,417	93,430	Rialto	128,680	1,326,806
La Puente	63,383	513,324	Nevada City	7,839	109,100	Richmond	174,485	3,962,998
La Quinta	17,171	715,025	Newark	30,540	1,591,410	Ridgecrest	31,099	563,994
Larkspur	26,748	711,187	Newman	5,241	75,385	Rio Dell	2,962	39,662
La Verne	33,394	937,455	Newport Beach	80,739	8,614,297	Rio Vista	6,763	113,593
Lawndale	13,137	639,940	Norco	20,098	563,272	Ripon	6,027	194,833
Lemon Grove	22,347	487,781	Norwalk	122,846	1,812,611	Riverbank	8,476	179,878
Lemoore	10,629	262,050	Novato	72,036	1,975,704	Riverside	187,903	6,000,185
Lincoln	9,454	179,864	Oakdale	13,923	336,932	Rocklin	31,330	518,116
Lindsay	11,400	149,920	Oakland	953,123	11,097,586	Rohnert Park	47,326	1,179,492
Live Oak	5,110	43,789	Oceanside	147,886	3,581,191	Rolling Hills	3,306	295,859
Livermore	83,983	2,002,483	Ojai	15,118	296,048	Rolling Hills Estates	7,262	775,590
Livingston	6,607	105,615	Ontario	244,252	4,192,250	Rosemead	236,752	944,490
Lodi	41,897	1,467,457	Orange	255,033	4,956,229	Roseville	91,687	1,562,614
Loma Linda	23,057	444,803	Orange Cove	3,243	49,822	Ross	2,685	223,635
Lomita	31,895	565,753	Orinda	55,709	1,080,723	Sacramento	690,113	10,645,814
Lompoc	22,528	768,139	Orland	7,819	109,560	St. Helena	12,788	318,262
Long Beach	1,100,371	14,816,340	Oroville	31,109	334,229	Salinas	128,307	2,436,740
Loomis	10,569	161,286	Oxnard	340,477	3,542,795	San Anselmo	8,742	527,019
Los Alamitos	16,371	549,441	Pacifica	28,850	1,074,645	San Bernardino	291,777	3,410,913
Los Altos	34,806	1,675,427	Pacific Grove	11,483	622,344	San Bruno	84,764	1,491,249
Los Altos Hills	9,952	734,778	Palmdale	59,863	1,573,667	San Carlos	52,140	1,653,465
Los Angeles	4,795,090	122,094,161	Palm Desert	69,198	2,257,603	San Clemente	55,344	2,086,357
Los Banos	14,020	269,227	Palm Springs	114,537	3,366,194	Sand City	1,506	50,415
Los Gatos	61,669	1,740,572	Palo Alto	130,952	5,044,564	San Diego	1,980,373	41,746,362
Loyalton	1,498	13,689	Palos Verdes Estates	15,977	1,295,822	San Dimas	59,029	1,164,220
Lynwood	22,032	763,513	Paradise	29,171	618,443	San Fernando	43,467	444,477
Madera	31,483	457,667	Paramount	61,002	943,940	San Francisco	2,612,434	37,039,141
Mammoth Lakes	13,735	760,733	Parlier	4,199	45,125	San Gabriel	40,788	911,094
Manhattan Beach	34,349	2,553,755	Pasadena	224,923	5,411,515	Sanger	12,242	264,328
Manteca	34,267	866,322	Paso Robles	24,265	569,732	San Jacinto	15,280	265,309
Maricopa	1,390	13,732	Patterson	6,528	122,906	San Joaquin	1,610	19,048
Marina	14,376	351,934	Perris	40,090	319,580	San Jose	1,110,750	29,950,040
Martinez	45,283	1,304,712	Petaluma	51,270	1,425,348	San Juan Bautista	3,271	38,445
Marysville	38,134	321,399	Pico Rivera	87,788	1,665,724	San Juan Capistrano	48,654	1,328,060
Maywood	5,018	257,703	Piedmont	7,218	667,320	San Leandro	127,448	3,024,618
McFarland	4,156	54,211	Pinole	13,963	521,182	San Luis Obispo	65,930	1,432,223
Mendota	4,601	52,298	Pismo Beach	12,227	443,817	San Marcos	45,210	1,172,484
Menlo Park	48,291	2,180,341	Pittsburg	53,452	1,048,108	San Marino	9,793	983,273
Merced	73,489	1,174,224	Placentia	54,075	1,403,879	San Mateo	131,197	4,578,533
Millbrae	33,987	955,745	Placerville	21,563	266,288	San Pablo	14,790	460,060
Mill Valley	27,364	850,747	Pleasant Hill	32,788	1,420,504	San Rafael	154,045	2,836,933
Milpitas	103,475	2,965,714	Pleasanton	161,513	2,966,703	San Ramon	70,395	1,765,759
Modesto	143,719	3,964,682	Plymouth	2,722	15,106	Santa Ana	374,391	7,938,558
Monrovia	55,611	1,098,720	Point Arena	2,501	9,589	Santa Barbara	157,914	4,005,409

TABLE 11—ASSESSED VALUE [a] OF STATE- AND COUNTY-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES INCLUSIVE OF THE HOMEOWNERS' EXEMPTION, BY INCORPORATED CITIES, 1987–88—Concluded

(In thousands of dollars)

City	Assessed value		City	Assessed value		City	Assessed value	
	State	Local		State	Local		State	Local
1	2	3	1	2	3	1	2	3
Santa Clara	201,410	7,208,674	Stockton	277,911	4,882,255	Walnut Creek	135,014	4,329,249
Santa Cruz	59,260	1,878,920	Suisun	10,005	409,721	Wasco	9,663	130,468
Santa Fe Springs	97,877	2,219,856	Sunnyvale	179,337	7,833,743	Waterford	3,589	59,262
Santa Maria	65,838	1,707,201	Susanville	14,307	153,924	Watsonville	33,907	810,031
Santa Monica	296,098	5,633,536	Sutter Creek	2,867	59,402	Weed	4,854	50,829
Santa Paula	26,459	501,950	Taft	14,185	135,241	West Covina	55,619	2,579,506
Santa Rosa	207,474	4,468,856	Tehachapi	10,678	104,815	West Hollywood	30,528	2,066,595
Santee	47,179	1,290,874	Tehama	503	7,439	Westlake Village	9,162	708,584
Saratoga	32,425	1,857,904	Temple City	19,653	790,078	Westminster	181,804	2,175,848
Sausalito	15,075	737,017	Thousand Oaks	278,222	5,267,555	Westmorland	626	12,995
Scotts Valley	16,222	549,721	Tiburon	10,705	685,467	West Sacramento	48,217	865,004
Seal Beach	57,849	1,289,934	Torrance	256,873	7,539,963	Wheatland	3,192	26,077
Seaside	20,654	445,828	Tracy	36,444	876,754	Whittier	120,831	2,307,587
Sebastopol	11,629	248,990	Trinidad	1,673	16,907	Williams	2,366	33,706
Selma	17,866	236,145	Tulare	50,003	617,745	Willits	9,225	136,972
Shafter	8,840	93,333	Tulelake	1,769	13,716	Willows	9,582	106,502
Sierra Madre	11,659	375,979	Turlock	35,458	911,703	Winters	4,174	71,262
Signal Hill	21,721	677,042	Tustin	76,388	2,079,876	Woodlake	4,238	58,630
Simi Valley	103,715	3,689,819	Ukiah	24,797	356,508	Woodland	35,124	1,089,568
Solano Beach	16,020	891,462	Union City	64,846	1,761,517	Woodside	11,269	611,061
Soledad	6,694	77,283	Upland	93,744	2,061,804	Yorba Linda	56,263	2,086,058
Solvang	14,987	296,723	Vacaville	50,738	1,584,096	Yountville	4,184	76,653
Sonoma	7,985	338,078	Vallejo	100,476	2,266,469	Yreka	13,868	222,923
Sonora	15,148	136,879	Ventura	161,310	3,687,573	Yuba City	38,061	631,639
South El Monte	18,509	542,122	Vernon	87,148	1,596,889	Grand totals	$38,950,422	$839,746,651
South Gate	64,620	1,523,800	Victorville	85,043	810,745			
South Lake Tahoe	30,690	1,313,425	Villa Park	5,315	378,057			
South Pasadena	26,924	871,434	Visalia	99,061	1,942,492			
South San Francisco	110,969	3,086,132	Vista	70,012	1,783,190			
Stanton	48,649	729,708	Walnut	36,178	891,398			

[a] These values are net of "all other exemptions" (see Table 8) but include the values of the homeowners' exemption because tax rates for the support of city governments are set on assessed valuations which include them and local governments are reimbursed by the State for them.

NOTE: Detail may not add to total due to rounding.

PROPERTY TAXES

TABLE 12A—ASSESSED VALUE OF PROPERTY ASSESSED BY THE STATE BOARD OF EQUALIZATION, BY TYPE OF COMPANY, 1987–88

(In thousands of dollars)

Type of company	Assessed value
1	2
UNDER PROVISIONS OF SECTION 751 OF THE REVENUE AND TAXATION CODE	
Telephone and telegraph	
Local Exchange Carriers	$25,013,263
Interexchange Carriers	2,917,878
Cellular Carriers	462,106
Radio-Telephone Carriers	102,406
Subtotal	$28,495,653
Gas and electric	34,243,522
Intercounty pipelines, flumes, canals, ditches and aqueducts	1,521,500
Car	16,832
Railroad	3,034,651
Total	$67,312,156
UNDER PRIVATE CAR TAX LAW	
Private cars	410,765
Grand total	$67,722,922

TABLE 12B—ASSESSED VALUE OF PROPERTY ASSESSED BY THE STATE BOARD OF EQUALIZATION AND SUBJECT TO LOCAL TAXATION, BY COMPANY, 1987–88

(In thousands of dollars)

Name of company	Assessed value
1	2
TELEPHONE AND TELEGRAPH COMPANIES	
ALLNET Communication Services	$21,658
American Network, Incorporated	43,533
American Satellite Company	96,181
American Telephone and Telegraph Interstate Division	624,238
A.T. & T Communications of California, Incorporated	959,321
Bay Area Cellular Telephone	28,358
Bay Area Teleport	19,023
Citizens Utilities Company of California	175,410
Citizens Utilities Company of California (Water)	27,212
Comsat General Corporation	14,698
Comsat International Communications, Incorporated	19,272
Continental Telephone Company of California	505,373
Evans Telephone Company	13,520
General Telephone Company of California	5,333,848
GTE Mobilnet of San Francisco Limited Partnership	47,015
ITT World Communications, Incorporated	23,175
Los Angeles Cellular Telephone Company	38,882
Los Angeles SMSA, Limited, dba PacTel Cellular	252,473
MCI Telecommunications Corporation	290,990
Pacific Bell	18,092,487
PacTel Cellular	15,988
Ponderosa Telephone Company	9,563
RCA American Communications, Incorporated	56,393
Roseville Telephone Company	113,958
Sierra Telephone Company, Incorporated	27,024
Tuolumne Telephone Company, Incorporated	18,083
U.S. Sprint	421,346
U.S. West Cellular of California	55,000
Volcano Telephone Company	15,638
West Coast Telephone Company of California	14,549
Western Telecommunications, Incorporated	19,960
149 companies with an assessed value of less than $13,000,000 each	495,784
Total for telephone and telegraph companies [a]	$28,495,653

[a] Includes 24 local exchange carriers, 72 interexchange carriers, 15 cellular carriers, and 69 radio-telephone carriers.

TABLE 12B—ASSESSED VALUE OF PROPERTY ASSESSED BY THE STATE BOARD OF EQUALIZATION AND SUBJECT TO LOCAL TAXATION, BY COMPANY, 1987–88—Continued

(In thousands of dollars)

Name of company	Assessed value
1	2
GAS AND ELECTRIC COMPANIES	
Anza Electric Cooperative, Incorporated	$10,502
C.P. National Corporation	55,123
Pacific Gas & Electric Company	16,635,556
Pacific Power & Light	111,504
Plumas-Sierra Rural Electric Corporation	12,208
San Diego Gas & Electric Company	3,288,034
Sierra Pacific Power Company	73,075
Southern California Edison Company	11,166,026
Southern California Gas Company	2,657,283
Southern California Water Company	160,013
Southwest Gas Corporation	63,426
Surprise Valley Electrification Corporation	10,702
Valley Electric Association, Incorporated	69
Total for gas and electric companies	$34,243,522
INTERCOUNTY PIPE LINES, FLUMES, CANALS, DITCHES, AND AQUEDUCTS [b]	
All American Pipeline Company	$211,313
Beacon Oil Company	2,800
Calnev Pipe Line Company	45,137
Casitas Pipeline Company	2,157
Chevron U.S.A., Incorporated	120,377
City of Riverside	5,161
Cuyama Pipeline Company	1,198
Exxon Company, U.S.A.—Division of Exxon Corporation	1,250
Four Corners Pipe Line Company	110,139
Golden West Refining Company	16,007
Great Western Pipeline Company, Incorporated	9,265
Homestake Mining Company of California	8,900
Kerr-McGee Chemical Corporation	1,950
Kings County Canal Company	1,176
Mobil Oil Corporation, dba West Coast Pipelines	73,283
Powerine Oil Company	2,355
Riverside Highland Water Company	420
San Diego Pipeline Company	81,350
San Luis Canal Company	2,450
Shell California Production, Incorporated	7,650
Shell Oil Company	65,021
Southern Pacific Pipe Lines, Incorporated	464,896
Standard Gas Company	2,600
Standard Pacific Gas Line, Incorporated	34,500
Standard Pipe Line Company	8,250
Texaco Trading and Transportation, Incorporated	113,477
Union Oil Company of California, dba Unocal Corporation	116,657
Vallecitos Pipeline Company	378
Ventura Pipeline System	9,450
West Riverside Canal Company	1,800
2 companies with an assessed value of less than $200,000 each	133
Total for intercounty pipe lines, etc.	$1,521,500

[b] All other taxable property owned by these companies is locally assessed.

TABLE 12B—ASSESSED VALUE OF PROPERTY ASSESSED BY THE STATE BOARD OF EQUALIZATION AND SUBJECT TO LOCAL TAXATION, BY COMPANY, 1987–88—Concluded

(In thousands of dollars)

Name of company	Assessed value
1	2
CAR COMPANIES [c]	
ACF Industries, Incorporated, Shippers' Car Line Division	$3
General American Transportation Corporation	3,231
Trailer Train Company	13,498
Union Tank Car Company	100
Total for car companies	$16,832
RAILROAD COMPANIES	
Alameda Belt Line	$9,612
Almanor Railroad Company	260
Amador Central Railroad Company	4,583
Atchison, Topeka and Santa Fe Railway Company, Incorporated	680,305
Burlington Northern Railroad	7,398
California Western Railroad	2,487
Central California Traction Company	3,795
Eureka Southern Railroad Company, Incorporated	4,756
Lake County, Oregon	375
Los Angeles Junction Railway Corporation	20,000
McCloud River Railroad Company	13,256
Modesto and Empire Traction Company	22,838
Northwestern Pacific Railroad Company	35,790
Oakland Terminal Railway (The)	911
Parr Terminal Railroad	616
Port Railroads, Incorporated	110
Quincy Railroad Company	1,300
San Diego and Arizona Eastern Railway Company	881
San Diego and Imperial Valley Railroad Company	3,539
Santa Cruz, Big Tree and Pacific Railway Company	1,100
Santa Maria Valley Railroad Company	1,737
Sierra Railroad Company	3,084
Southern Pacific Transportation Company	1,812,284
Stockton Terminal and Eastern Railroad	11,505
Sunset Railway Company	890
Trona Railway Company	20,114
Union Pacific Corporation	364,773
Ventura County Railway Company	3,430
Visalia Electric Railroad Company	1,063
Yreka Western Railroad Company	1,919
Total for railroad companies	$3,034,651

[c] Property at fixed locations which is not subject to the private car tax. Excludes the value of private cars operated on the railroads, for which see Table 17A.

TABLE 13—Discontinued.

In previous reports this table presented data on assessment ratios, "Collier factors" and coefficients of dispersion.

TABLE 14—1986–87 GENERAL PROPERTY TAX LEVIES AS COMPILED FOR COMPUTATION OF THE AVERAGE TAX RATE

(Levies and assessed values in thousands of dollars)

County	Net taxable [a] assessed value	Property tax allocations and levies [b]					Average tax rate	
		City	County [c]	School [c]	Other [d] district	Total [d]	1986–87	1985–86
1	2	3	4	5	6	7	8	9
Alameda	$43,438,468	$117,599	$153,155	$119,836	$114,693	$505,283	1.163%	1.200%
Alpine	144,101	—	1,026	349	152	1,527	1.060	1.057
Amador	1,116,317	466	5,108	5,572	281	11,427	1.024	1.038
Butte	5,002,859	4,216	11,770	29,137	6,938	52,061	1.041	1.048
Calaveras	1,330,588	90	4,012	8,145	2,192	14,439	1.085	1.092
Colusa	1,080,870	489	4,094	5,702	923	11,208	1.037	1.042
Contra Costa	34,801,997	42,311	95,505	126,868	117,259	381,943	1.097	1.144
Del Norte	459,727	96	1,469	2,542	677	4,784	1.041	1.036
El Dorado	4,863,372	3,493	16,781	19,466	11,087	50,827	1.045	1.075
Fresno	19,156,615	28,898	62,168	86,886	27,843	205,795	1.074	1.072
Glenn	1,042,778	759	3,595	5,982	634	10,970	1.052	1.050
Humboldt	3,254,687	1,747	12,070	15,471	4,923	34,211	1.051	1.069
Imperial	2,941,164	3,442	10,176	15,107	2,480	31,205	1.061	1.062
Inyo	1,045,293	237	3,955	5,689	990	10,871	1.040	1.046
Kern	29,546,753	16,456	118,149	134,555	33,344	302,504	1.024	0.965
Kings	2,278,442	1,972	10,706	8,605	2,383	23,666	1.039	1.029
Lake	2,496,803	737	9,253	11,371	4,299	25,660	1.028	1.004
Lassen	740,189	326	2,245	4,632	594	7,797	1.053	1.051
Los Angeles	280,065,579	569,605	1,249,592	669,672	538,666	3,027,535	1.081	1.092
Madera	2,893,312	1,254	8,636	18,494	2,017	30,401	1.051	1.054
Marin	11,978,554	16,288	35,129	51,011	21,147	123,575	1.032	1.044
Mariposa	584,506	—	1,942	3,551	354	5,847	1.000	1.003
Mendocino	2,593,012	896	12,089	13,462	2,016	28,463	1.098	1.096
Merced	4,696,369	3,974	18,555	19,938	4,720	47,187	1.005	1.046
Modoc	478,718	181	1,787	2,675	307	4,950	1.034	1.034
Mono	1,183,692	428	4,707	4,045	3,277	12,457	1.052	1.064
Monterey	11,870,260	12,136	33,277	59,584	17,014	122,011	1.028	1.036
Napa	4,352,698	5,085	13,579	23,266	3,812	45,742	1.051	1.059
Nevada	3,082,879	1,003	9,103	15,741	6,273	32,120	1.042	1.053
Orange	101,377,708	133,539	202,755	556,583	233,451	1,126,328	1.111	1.136
Placer	6,782,222	4,261	21,030	34,143	11,479	70,913	1.046	1.056
Plumas	1,320,130	139	3,713	7,757	1,728	13,337	1.010	1.010
Riverside	32,859,151	28,271	95,921	137,971	101,621	363,784	1.107	1.127
Sacramento	27,308,275	34,242	107,121	87,042	64,959	293,364	1.074	1.093
San Benito	1,140,842	606	2,565	6,903	2,546	12,620	1.106	1.158
San Bernardino	34,664,380	36,782	104,075	122,262	123,983	387,102	1.117	1.143
San Diego	81,266,046	127,507	212,764	439,426	84,775	864,472	1.064	1.072
San Francisco	35,760,809	—	339,576	34,303	24,177	398,056	1.113	1.140
San Joaquin	12,531,593	17,829	51,455	43,550	18,066	130,900	1.045	1.053
San Luis Obispo	10,436,725	8,207	37,247	59,746	6,119	111,319	1.067	1.073
San Mateo	31,623,039	44,044	81,384	162,487	36,952	324,867	1.027	1.029
Santa Barbara	14,509,663	9,143	43,346	71,650	24,176	148,315	1.022	1.051
Santa Clara	68,192,627	89,767	185,512	360,451	124,023	759,753	1.114	1.144
Santa Cruz	8,033,498	6,753	22,509	43,141	11,296	83,699	1.042	1.064
Shasta	4,557,964	3,778	12,661	27,898	4,865	49,202	1.079	1.084
Sierra	215,955	46	1,361	539	243	2,189	1.014	1.012
Siskiyou	1,482,280	1,180	5,427	7,551	842	15,000	1.012	1.021
Solano	8,353,709	17,209	30,960	28,590	17,967	94,726	1.134	1.138
Sonoma	14,502,818	13,220	52,602	73,885	14,925	154,632	1.066	1.068
Stanislaus	8,933,170	8,160	23,679	55,632	4,907	92,378	1.034	1.041
Sutter	2,150,733	1,844	7,523	10,760	2,121	22,248	1.034	1.036
Tehama	1,402,246	994	5,455	7,797	556	14,802	1.056	1.056
Trinity	455,127	—	1,755	2,702	287	4,744	1.042	1.033
Tulare	7,047,117	5,539	30,539	30,924	5,841	72,863	1.034	1.041
Tuolumne	1,706,336	243	6,989	9,167	1,288	17,687	1.037	1.048
Ventura	24,619,873	19,760	75,358	102,590	71,300	269,008	1.093	1.098
Yolo	4,134,975	7,219	13,736	19,149	5,170	45,274	1.095	1.110
Yuba	1,418,872	789	5,962	7,083	1,699	15,533	1.095	1.104
Totals	$1,027,308,485	$1,455,255	$3,698,633	$4,039,036	$1,932,657	$11,125,581	1.083%	1.096%

[a] These are the assessed values on which general property taxes were actually levied in 1986–87. Excluded are exemptions totaling $52,086,348,000 as follows: homeowners', $30,691,272,000; and all other, $21,395,076,000.

[b] The county levies at a rate of 1 percent of assessed value have been allocated among the jurisdictions receiving a portion of those levies. Excluded are the State reimbursements to local governments of $338,855,000 for the homeowners' exemption described in footnote a. Reimbursements for the exemption of business inventories were eliminated beginning with the 1984–85 year.

[c] County levies for school purposes such as junior college tuition and countywide school levies are included with school levies.

[d] Includes debt levies on land and/or improvements only. Also includes the portion of the 1 percent levy allocated to jurisdictions previously taxing less than total property.

TABLE 15—1986–87 GENERAL PROPERTY TAX DOLLAR [a], BY COUNTY

County	Property tax dollars				
	City	County [b]	School purpose [b]	Other districts	Total
1	2	3	4	5	6
Alameda	$.23	$.30	$.24	$.23	$1.00
Alpine	—	.67	.23	.10	1.00
Amador	.04	.45	.49	.02	1.00
Butte	.08	.23	.56	.13	1.00
Calaveras	.01	.28	.56	.15	1.00
Colusa	.04	.37	.51	.08	1.00
Contra Costa	.11	.25	.33	.31	1.00
Del Norte	.02	.31	.53	.14	1.00
El Dorado	.07	.33	.38	.22	1.00
Fresno	.14	.30	.42	.14	1.00
Glenn	.07	.33	.54	.06	1.00
Humboldt	.05	.35	.45	.15	1.00
Imperial	.11	.33	.48	.08	1.00
Inyo	.02	.37	.52	.09	1.00
Kern	.05	.39	.45	.11	1.00
Kings	.08	.45	.37	.10	1.00
Lake	.03	.36	.44	.17	1.00
Lassen	.04	.29	.59	.08	1.00
Los Angeles	.19	.41	.22	.18	1.00
Madera	.04	.28	.61	.07	1.00
Marin	.13	.29	.41	.17	1.00
Mariposa	—	.33	.61	.06	1.00
Mendocino	.03	.43	.47	.07	1.00
Merced	.09	.39	.42	.10	1.00
Modoc	.04	.36	.54	.06	1.00
Mono	.03	.38	.33	.26	1.00
Monterey	.10	.27	.49	.14	1.00
Napa	.11	.30	.51	.08	1.00
Nevada	.03	.28	.49	.20	1.00
Orange	.12	.18	.49	.21	1.00
Placer	.06	.30	.48	.16	1.00
Plumas	.01	.28	.58	.13	1.00
Riverside	.08	.26	.38	.28	1.00
Sacramento	.12	.36	.30	.22	1.00
San Benito	.05	.20	.55	.20	1.00
San Bernardino	.09	.27	.32	.32	1.00
San Diego	.15	.25	.50	.10	1.00
San Francisco	—	.85	.09	.06	1.00
San Joaquin	.14	.39	.33	.14	1.00
San Luis Obispo	.07	.33	.54	.06	1.00
San Mateo	.14	.25	.50	.11	1.00
Santa Barbara	.06	.29	.49	.16	1.00
Santa Clara	.12	.24	.48	.16	1.00
Santa Cruz	.08	.27	.52	.13	1.00
Shasta	.07	.26	.57	.10	1.00
Sierra	.02	.62	.25	.11	1.00
Siskiyou	.06	.36	.50	.06	1.00
Solano	.18	.33	.30	.19	1.00
Sonoma	.08	.34	.48	.10	1.00
Stanislaus	.09	.26	.60	.05	1.00
Sutter	.08	.34	.48	.10	1.00
Tehama	.07	.37	.52	.04	1.00
Trinity	—	.37	.57	.06	1.00
Tulare	.08	.42	.42	.08	1.00
Tuolumne	.01	.40	.52	.07	1.00
Ventura	.07	.28	.38	.27	1.00
Yolo	.16	.30	.42	.12	1.00
Yuba	.05	.38	.46	.11	1.00
Average	$.13	$.33	$.36	$.18	$1.00

[a] Includes special assessments levied on limited categories of property to finance activities from which such properties derived special benefits.

[b] County levies for school purposes such as junior college tuition and countywide school levies are included with school levies.

TABLE 16A—TIMBER YIELD TAX AND TIMBER RESERVE FUND TAX STATISTICS, 1977 TO 1986

Calendar year	Market value of timber harvest (in millions)	Timber yield tax		Timber reserve fund	
		Rate [a]	Net revenue (in thousands)	Rate [a]	Net revenue (in thousands)
1	2	3	4	5	6
1986	$451.8	2.9%	$14,009	—	—
1985	396.5	2.9	12,155	—	—
1984	425.0	2.9	13,144	—	—
1983	400.5	2.9	12,045	— [b]	$81
1982	296.1	2.9	9,004	5.2%	15,361
1981	493.1	3.0	14,970	1.7	8,179
1980	565.8	3.0	16,945	0.0	13
1979	742.7	3.0	22,481	0.0	18
1978	682.1	6.0	41,342	0.5	3,439
1977	389.0 [c]	6.0	23,822 [c]	0.5	1,985 [c]

[a] In effect for the year. The rate is set annually in December.
[b] A sunset provision terminated the reserve fund tax at the end of 1982.

[c] This tax became effective April 1, 1977. The timber yield tax replaced the ad valorem property tax on standing timber. The reserve rate assured that the timber tax fund would be sufficient to meet the revenue guarantees of the participating counties.

TABLE 16B—TIMBER PRODUCTION [a] STATISTICS, BY COUNTY, 1986

County	Net volume [b] (in thousands of board feet)	Market value [c] (in thousands)	County	Net volume [b] (in thousands of board feet)	Market value [c] (in thousands)
1	2	3	1	2	3
Alpine	604	$24	Placer	69,536	6,511
Amador	32,399	3,230	Plumas	304,725	30,281
Butte	80,823	6,688	San Mateo	10,810	1,608
Calaveras	56,555	4,418	Santa Clara	4,474	762
Del Norte	186,829	39,559	Santa Cruz	7,005	1,130
El Dorado	270,047	19,706	Shasta	207,523	19,152
Fresno	70,571	3,647	Sierra	110,316	8,049
Glenn	33,801	3,056	Siskiyou	559,394	49,051
Humboldt	652,939	109,134	Sonoma	24,628	2,462
Kern	6,526	658	Tehama	149,229	13,810
Lake	44,543	3,798	Trinity	280,293	29,256
Lassen	97,037	14,020	Tulare	65,173	3,204
Madera	73,155	3,892	Tuolumne	144,691	12,620
Mariposa	16,586	1,246	Yuba	34,521	3,453
Mendocino	420,844	48,335	Other	33	1,175
Modoc	34,412	4,165	TOTAL	4,099,271	$451,780
Mono	8,090	781			
Nevada	41,159	2,899			

[a] Data are from harvest reports prepared by taxpayers for payment of the Timber Yield Tax and are subject to audit corrections and delinquent filing.
[b] Board feet is the quantity of timber cut and scaled. Miscellaneous products including all hardwoods, Christmas trees, fuelwood, poles and piling, and split products are generally not measured in net board feet.

[c] Value of the timber immediately before cutting.
[d] Includes timber harvested in Alameda, Colusa, Contra Costa, Los Angeles, Marin, Merced, Monterey, Napa, Orange, Riverside, Sacramento, San Benito, San Bernardino, San Diego, San Joaquin, San Luis Obispo, Santa Barbara, Solano, Stanislaus, Ventura, and Yolo counties.

TABLE 17A—ASSESSED VALUE OF PRIVATE CARS ASSESSED BY THE STATE BOARD OF EQUALIZATION AND SUBJECT TO EXCLUSIVE STATE TAXATION, BY COMPANY, 1987–88

Name of company	Assessed value (in thousands)	Amount of tax
1	2	3
PRIVATE CARS		
ACF Industries, Inc.	$31,616	$339,555
ADM Transportation Company	7,058	75,798
Allied Corporation	2,309	24,797
American President Intermodal	7,777	83,524
Amoco Chemicals Corporation	1,821	19,557
Amoco Oil Company	1,440	15,466
Amstar Corporation	642	6,899
Andrews Gas Liquids/Leasco	777	8,343
Borg Warner Chemical, Inc.	3,302	35,465
California Railcar Corporation	931	10,002
Cargill, Inc.	1,694	18,194
Celtran, Inc., a Wholly Owned Subsidiary of Celanese Corporation	1,293	13,882
Chevron USA, Inc.	9,365	100,583
Chicago Freight Car Leasing Company	1,723	18,505
Columbian Chemicals Company	1,196	12,844
Conoco	1,348	14,476
Crystal Car Line, Inc.	1,528	16,413
Dow Chemical Company (The)	8,162	87,661
E. I. duPont de Nemours & Company	4,272	45,878
Ethyl Corporation	853	9,156
Evans Railcar Leasing Company	3,851	41,354
Exxon Chemical Americas	2,530	27,172
Exxon Company USA	2,612	28,052
Farmland Industries, Inc.	709	7,610
Fruit Growers Express Company	3,944	42,359
General American Transportation Corporation	45,905	493,024
General Electric Rail Corporation	22,293	239,424
GLNX Corporation	1,466	15,745
B.F. Goodrich Company	1,485	15,948
Granite Rock Company	2,408	25,861
Kaiser Cement Corporation	703	7,549
Kerr-McGee Chemical Corporation	1,876	20,151
Koppers Company, Inc.	2,103	22,591
Martin Marietta Corporation	657	7,056
Mobil Oil Corporation	3,950	42,422
Monsanto Company	1,669	17,921
Occidental Chemical Corporation	1,178	12,646
Phillips 66 Company, a Subsidiary of Phillips Petroleum Company	3,570	38,340
Procor, Limited	925	9,939
Pullman Leasing Company	6,790	72,929
Rail Box Company	7,325	78,665
RAILGON Company	1,207	12,962
Railtex, Inc.	4,258	45,726
Rapco Transportation Company	677	7,274
Richmond Leasing Company	4,147	44,540
Shell Oil Company	6,735	72,339
Soltex Polymer Corporation	1,363	14,635
Tennessee Eastman Company, Division of Eastman Kodak Company	2,140	22,984
Tosco Corporation	849	9,121
Trailer Train Company	102,083	1,096,370
Trinity Industries Leasing Company	4,300	46,179
Union Carbide Corporation	6,963	74,788
Union Sugar Company, Division of Holly Sugar Corporation	1,213	13,025
Union Tank Car Company	35,758	384,038
United Equipment Leasing Associates	2,093	22,484
United States Rail Services, Inc.	1,750	18,796
USI Chemicals Company, Inc.	2,522	27,087
Vulcan Materials Company, Chemicals Division	806	8,656
WFIX Partners	1,099	11,807
232 other companies with an assessed value under $600,000 each	23,748	255,055
Totals for private cars	$410,765	$4,411,620

TABLE 17B—PRIVATE CAR TAX ASSESSMENTS, TAX RATES, AND TAX LEVIES, 1938–40 TO 1987–88

Fiscal year	Average number of cars	Assessed value [a] (000 omitted)	Average assessed value per car [a]	Tax rate per $100 assessed value [b]	Amount of tax [c] (000 omitted)
1	2	3	4	5	6
1987–88	19,521	$410,765	$21,042	$1.074	$4,412
1986–87	20,990	439,754	20,951	1.086	4,776
1985–86	21,159	407,506	19,259	1.102	4,491
1984–85	21,526	515,750	23,959	1.115	5,751
1983–84	22,596	554,614	24,545	1.119	6,206
1982–83	18,688	581,697	31,127	1.13	6,573
1981–82	16,142	528,235	32,724	1.14	6,022
1980–81	16,143	109,696	6,795	4.62	5,068
1979–80	14,514	90,701	6,249	4.70	4,263
1978–79	17,483	87,393	4,999	4.85	4,239
1977–78	18,388	78,154	4,213	11.19	8,754
1976–77	18,962	78,660	4,148	11.33	8,915
1975–76	18,003	75,652	4,202	11.24	8,505
1974–75	18,648	71,251	3,801	11.15	7,946
1973–74	17,111	64,101	3,681	11.44	7,334
1972–73	15,157	50,255	3,316	11.43	5,701
1971–72	14,977	44,196	2,951	10.85	4,552
1970–71	15,091	41,766	2,768	9.93	4,148
1969–70	15,088	39,809	2,638	9.39	3,739
1968–69	14,756	43,421	2,943	8.90	3,865
1967–68	14,539	37,627	2,584	7.79	2,931
1966–67	13,872	32,986	2,378	7.51	2,477
1965–66	14,436	30,243	2,095	7.29	2,205
1964–65	14,534	28,855	1,985	6.99	2,017
1963–64	14,562	26,679	1,832	6.92	1,846
1962–63	15,639	26,506	1,695	6.82	1,808
1961–62	16,182	26,807	1,657	6.54	1,753
1960–61	16,055	25,894	1,613	6.44	1,668
1959–60	15,953	25,848	1,620	6.24	1,613
1958–59	16,867	30,573	1,813	5.60	1,712
1957–58	17,108	29,826	1,743	5.33	1,590
1956–57	17,168	27,435	1,598	5.19	1,424
1955–56	17,644	26,136	1,481	5.09	1,330
1954–55	17,993	26,534	1,475	4.90	1,301
1953–54	17,092	25,378	1,485	4.81	1,222
1952–53	16,051	23,524	1,466	4.79	1,127
1951–52	16,511	21,974	1,331	4.95	1,089
1950–51	17,068	19,186	1,124	4.64	891
1945–50	16,382	17,426 [d]	1,064	3.99	3,510
1940–45	13,259	12,630 [d]	953	3.63	2,286
1938–40	13,734	11,579 [d]	843	3.66	848 [e]

[a] Includes materials and supplies held, stored, or used in the State for the purpose of repairing, improving, servicing, or operating the cars. Escape assessments for prior years are not included in the computation of the average assessed value per car.

[b] Based on the statewide average tax rate for the preceding year.
The ratio of assessed value to taxable value was changed to 100 percent (from 25 percent) beginning with the lien date for 1981–82 and the tax rate was adjusted downward proportionately.

[c] Includes interest, penalties and escape assessments from prior years.

[d] Average total assessed value for the period.

[e] The private car tax was first imposed in 1938. Prior to 1938 private cars were subject to local taxation and were assessed in the same manner as utility property.

TABLE 18—STATE SALES AND USE TAX COLLECTIONS AND NUMBER OF PERMITS, 1933–35 TO 1986–87

(Collections in thousands of dollars)

Fiscal year	Collections [a]			Number of outstanding permits [c]
	Taxes	Fees [b]	Total	
1	2	3	4	5
1986–87	$10,901,096	$875	$10,901,971	843,526
1985–86	10,317,990	574	10,318,564	815,783
1984–85	9,797,612	501	9,798,113	784,248
1983–84	8,797,924	498	8,798,422	764,366
1982–83	7,795,554	475	7,796,029	763,685
1981–82	7,689,139	448	7,689,587	724,352
1980–81	7,131,482	409	7,131,891	673,876
1979–80	6,658,425	365	6,658,790	658,822
1978–79	5,810,484	310	5,810,794	634,758
1977–78	5,028,658	308	5,028,966	598,477
1976–77	4,311,426	272	4,311,698	571,659
1975–76	3,737,838	252	3,738,090	536,545
1974–75	3,372,966	231	3,373,197	510,232
1973–74	2,673,570 [d]	205	2,673,775 [d]	484,655
1972–73	2,197,083 [e]	193	2,197,276 [e]	472,457
1971–72	1,991,992	193	1,992,185	452,033
1970–71	1,796,956	186	1,797,142	437,731
1969–70	1,751,658	171	1,751,829	420,766
1968–69	1,634,612	156	1,634,768	412,563
1967–68	1,389,943 [f]	145	1,390,088 [f]	399,100
1966–67	1,053,251	138	1,053,389	395,321
1965–66	1,096,165 [g]	145	1,096,310 [g]	389,115
1964–65	939,651	146	939,797	377,746
1963–64	876,946	128	877,074	369,261
1962–63	813,313	120	813,433	360,976
1961–62	749,375	117	749,492	353,520
1960–61	710,931	119	711,050	351,727
1959–60	709,749	118	709,867	342,322
1958–59	631,409	115	631,524	333,998
1957–58	605,208	102	605,310	326,124
1956–57	599,789	102	599,891	320,486
1955–56 [h]	564,348	103	564,451	310,780
1954–55	492,879	108	492,987	305,537
1953–54	464,969	107	465,076	298,108
1952–53	460,196	98	460,294	289,620
1951–52	417,326	95	417,421	285,659
1950–51	398,261	101	398,362	285,598
1945–50	1,316,653 [i]	615	1,317,268 [i]	270,231
1940–45	665,100 [j]	303	665,403 [j]	179,067
1935–40	426,422 [k]	518 [l]	426,940 [k]	186,473 [m]
1933–35	89,661 [n]	282	89,943 [n]	185,748

[a] Collections include taxes, fees, interest, and penalties less refunds. Tax collections in one quarter are based mainly on taxable transactions during the preceding quarter. Transfers from the Motor Vehicle Fuel Fund of sales taxes on gasoline subject to refund of fuel tax are included.

[b] The $1 fee for issuance of a seller's permit was eliminated effective July 1, 1966, and the reinstatement fee for a revoked permit was set at $15. Prior to that date, a $25 fee was required for reinstatement of a permit revoked for the third time within any two-year period.

[c] As of December 31 for each fiscal year.

[d] Effective July 1, 1973, the state tax rate was increased from 3¾ percent to 4¾ percent. On October 1, 1973 the tax rate was reduced to 3¾ percent for six months. Effective April 1, 1974 the tax rate was again increased to 4¾ percent.

[e] Effective July 1, 1972, the state tax rate was decreased from 4 percent to 3¾ percent.

[f] Effective August 1, 1967, the state tax rate was increased from 3 percent to 4 percent.

[g] Includes almost $100 million resulting from legislation effective August 1, 1965, requiring some 24,000 taxpayers with monthly taxable sales of $17,000 or more to prepay their quarterly sales and use tax.

[h] The Board began to administer the Bradley-Burns Local Sales and Use Tax Law effective April 1, 1956, at a rate of 1 percent. The law provided for local option and thus it was not adopted by all cities and counties until January 1, 1962. See Table 21C for details.

[i] Effective July 1, 1949, the tax rate was increased from 2½ percent to 3 percent.

[j] Effective July 1, 1943, the tax rate was reduced from 3 percent to 2½ percent and substantial additions were made to the list of exempt transactions.

[k] Effective July 1, 1935, the tax rate was increased from 2½ percent to 3 percent; sales of food for human consumption, except when served as meals, were exempted; and a 3 percent use tax was imposed.

[l] All outstanding licenses expired on July 31, 1935, and were reissued only after payment of a fee of $1 if renewed on or before July 31st and $1.50 if renewed thereafter.

[m] Effective July 1, 1939, all persons selling tangible personal property of a kind whose retail sale is subject to tax were required to secure a permit for each of their outlets, whether or not they engaged in the business of making retail sales. Prior to this time, only retailers were required to secure permits.

[n] The state sales tax was first imposed August 1, 1933 at a rate of 2½ percent.

TABLE 19—STATE SALES AND USE TAX STATISTICS, BY TYPE OF BUSINESS, 1986–87

Type of business	Taxable transactions [a] Amount (in thousands)	Percent of total	Percent change from year to year	State sales tax (in thousands)	Number of permits on June 30, 1987 [b]
1	2	3	4	5	6
Retail Stores					
Women's apparel	$2,721,710	1.21%	13.0%	$129,281	10,573
Men's apparel	1,072,978	.48	4.4	50,966	2,692
Family apparel	2,017,915	.90	11.8	95,851	6,150
Shoes	1,636,196	.73	7.3	77,719	4,574
Apparel stores group	7,448,799	3.32	10.1	353,818	23,989
Limited-price variety	647,952	.29	.8	30,778	920
Department and dry goods	18,845,854	8.40	8.8	895,178	3,417
Drug stores [c]	3,969,306	1.77	5.4	188,542	4,402
Other general merchandise	686,024	.31	31.5	32,586	1,757
General merchandise stores	24,149,136	10.77	8.5	1,147,084	10,496
Gifts, art goods, and novelties	922,146	.41	14.7	43,802	8,512
Sporting goods	1,449,479	.65	17.7	68,850	5,105
Florists	538,714	.24	7.8	25,589	4,378
Photographic equipment and supplies	442,429	.20	4.4	21,015	1,081
Musical instruments	1,334,189	.60	1.5	63,374	2,749
Stationery and books	2,111,173	.94	12.0	100,281	6,519
Jewelry	1,200,665	.54	9.2	57,032	5,855
Office, store, and school supplies	4,373,601	1.95	−2.2	207,746	6,185
Other specialties	4,767,207	2.13	15.6	226,442	34,346
Specialty stores group	17,139,603	7.64	8.1	814,131	74,730
Food stores selling all types of liquors [c]	9,235,106	4.13	−1.5	439,618	4,662
All other food stores [c]	3,430,483	1.53	5.9	162,948	18,119
Packaged liquor stores	1,993,716	.89	5.1	94,702	5,591
Eating places: no alcoholic beverages	7,446,102	3.32	7.4	353,690	30,559
Eating places: beer and wine	4,510,501	2.01	8.5	214,249	19,619
Eating and drinking: all types of liquor	6,905,547	3.08	4.1	328,013	11,101
Eating and drinking group	18,862,150	8.41	6.4	895,952	61,279
Household and home furnishings	4,357,102	1.94	11.6	206,962	16,404
Household appliance dealers	2,907,023	1.30	4.0	138,084	4,483
Second-hand merchandise	260,561	.12	16.3	12,377	4,208
Farm implement dealers	1,328,111	.59	10.7	63,085	1,188
Farm and garden supply stores	1,186,016	.53	13.1	56,336	3,568
Fuel and ice dealers	266,074	.12	−15.1	12,639	743
Lumber and building materials	6,961,500	3.10	16.9	330,671	4,139
Hardware stores	1,657,116	.74	−.6	78,713	2,340
Plumbing and electrical supplies	1,277,881	.57	15.6	60,699	1,431
Paint, glass, and wallpaper	890,463	.40	5.2	42,297	1,916
Building material group	10,786,960	4.81	12.7	512,381	9,826
New motor vehicle dealers	24,385,500	10.88	10.5	1,158,311	2,579
Used motor vehicle dealers	1,559,349	.70	15.7	74,069	4,554
Automotive supplies and parts	2,947,632	1.31	6.7	140,013	8,740
Service stations	11,275,066	5.03	−15.6	535,566	12,343
Mobile homes, trailers, and campers	875,359	.39	10.6	41,580	1,268
Boat, motorcycle, and plane dealers	1,303,139	.58	4.5	61,899	2,560
Automotive group	42,346,045	18.89	1.9	2,011,437	32,044
Retail Stores Totals	$145,716,885	64.99%	5.8%	$6,921,552	271,330
Business and Personal Services	10,022,448	4.47	9.1	476,066	100,689
All Other Outlets	68,485,516	30.54	5.5	3,253,062	495,113
Totals All Outlets	$224,224,849	100.00%	5.9%	$10,650,680 [d]	867,132
HISTORICAL DATA					
Comparable data for all outlets:					
1985–86	$211,830,101	–	5.1%	$10,061,930	841,630
1984–85	201,498,133	–	9.8	9,571,161	808,549
1983–84	183,572,544	–	15.9	8,719,696	783,718
1982–83	158,434,757	–	2.1	7,525,651	764,815

[a] Sales or purchases made with minor exceptions during the fiscal year as reported on returns received from Aug. 7, 1986 through Aug. 13, 1987.

[b] A separate permit is required for each outlet of each person selling tangible personal property of a kind whose retail sale is subject to tax.

[c] Only sales subject to sales and use tax are tabulated. Excluded are sales of food for home consumption and prescription medicines.

[d] In addition, the Board assessed state taxes of $221,439,000 and penalties and interest of $44,148,000.

TABLE 20—STATE SALES AND USE TAX STATISTICS, BY COUNTY, 1986–87

County	Taxable sales of retail stores (in thousands)	Taxable sales of all outlets [a]			State tax (in thousands)	Number of permits on June 30, 1987 [b]
		Amount (in thousands)	Percent of total	Percent change from 1985–86		
1	2	3	4	5	6	7
Alameda	$6,563,405	$10,460,575	4.67%	4.0%	$496,877	38,818
Alpine	1,504	9,721 [c]	— [c]	— [c]	462	62
Amador	99,167	158,810	.07	18.4	7,543	1,336
Butte	791,680	1,027,251	.46	5.7	48,794	5,413
Calaveras	80,203	116,231	.05	14.2	5,521	1,162
Colusa	58,029	121,433	.05	4.1	5,768	499
Contra Costa	4,065,210	5,590,410	2.49	2.9	265,544	21,324
Del Norte	54,742	77,408	.03	2.2	3,677	727
El Dorado	478,408	612,171	.27	10.2	29,078	4,607
Fresno	3,037,746	4,246,087	1.89	5.2	201,689	16,109
Glenn	74,918	142,545	.06	−.3	6,771	700
Humboldt	539,035	757,962	.34	6.6	36,003	4,391
Imperial	395,717	607,239	.27	6.3	28,844	2,892
Inyo	98,768	137,918	.06	.8	6,551	855
Kern	2,394,447	3,603,473	1.61	−6.0	171,165	13,215
Kings	342,034	464,892	.21	8.2	22,082	1,890
Lake	167,966	229,881	.10	2.7	10,919	1,527
Lassen	77,289	116,260	.05	10.7	5,522	860
Los Angeles	42,646,362	66,071,785	29.47	5.0	3,138,410	261,359
Madera	246,418	396,411	.18	7.5	18,830	2,092
Marin	1,486,758	1,940,923	.87	2.7	92,194	10,502
Mariposa	25,485	77,451	.03	5.4	3,679	558
Mendocino	363,324	484,837	.22	1.5	23,030	2,872
Merced	584,675	838,956	.37	6.9	39,850	3,401
Modoc	27,626	39,731	.02	−.7	1,887	379
Mono	56,324	80,427	.04	−12.7	3,820	599
Monterey	1,672,713	2,217,283	.99	2.6	105,321	8,896
Napa	509,590	724,720	.32	2.7	34,424	3,598
Nevada	281,343	403,500	.18	7.5	19,166	3,397
Orange	14,362,512	22,569,606	10.07	8.4	1,072,056	83,268
Placer	912,770	1,216,321	.54	10.1	57,775	5,757
Plumas	70,132	103,705	.05	−3.3	4,926	919
Riverside	4,611,424	6,368,942	2.84	12.8	302,525	25,259
Sacramento	5,579,060	7,970,146	3.56	8.5	378,582	26,358
San Benito	93,519	178,736	.08	6.2	8,490	833
San Bernardino	5,720,039	8,163,769	3.64	12.2	387,779	33,109
San Diego	12,226,746	17,304,836	7.72	8.5	821,980	64,515
San Francisco	4,295,291	7,105,954	3.17	2.0	337,533	30,932
San Joaquin	2,015,161	2,913,860	1.30	8.4	138,408	10,366
San Luis Obispo	1,001,029	1,402,258	.63	10.1	66,607	6,440
San Mateo	4,106,773	6,542,424	2.92	2.9	310,765	22,106
Santa Barbara	1,878,076	2,578,270	1.15	3.3	122,468	12,061
Santa Clara	8,633,003	14,370,891	6.41	4.3	682,617	45,765
Santa Cruz	1,093,775	1,436,558	.64	4.1	68,237	8,175
Shasta	723,667	1,004,620	.45	7.7	47,719	4,832
Sierra	6,470	11,091	.01	16.1	527	140
Siskiyou	168,421	233,527	.10	8.6	11,093	1,900
Solano	1,306,882	1,710,576	.76	7.6	81,252	6,533
Sonoma	1,960,555	2,763,155	1.23	5.2	131,250	12,436
Stanislaus	1,651,949	2,312,447	1.03	8.5	109,841	8,792
Sutter	299,525	387,541	.17	9.6	18,408	1,694
Tehama	167,121	226,510	.10	.1	10,759	1,382
Trinity	29,097	43,220	.02	3.5	2,053	527
Tulare	1,159,868	1,619,841	.72	5.0	76,942	7,282
Tuolumne	193,403	261,931	.12	10.0	12,442	2,082
Ventura	3,249,789	4,443,080	1.98	10.1	211,046	18,195
Yolo	625,441	958,129	.43	2.5	45,511	3,335
Yuba	185,248	252,867	.11	1.5	12,011	1,331
Statewide	169,253	6,013,747	2.68	3.7	285,653	6,768
Totals	$145,716,885	$224,224,849	100.00%	5.9%	$10,650,680	867,132

[a] Sales or purchases made, with minor exceptions, during the fiscal year, as reported on returns received from Aug. 7, 1986 through Aug. 13, 1987.

[b] A separate permit is required for each outlet at which retail sales are made of any kind of tangible personal property which is subject to tax.

[c] Percentage change not shown for Alpine County because its small base, 0.004% of the statewide total, is subject to violent fluctuations that are not regarded as significant.

[d] In addition, the Board assessed state taxes of $221,459,000 and penalties and interest of $44,148,000.

TABLE 21A—REVENUES DISTRIBUTED TO CITIES AND COUNTIES FROM LOCAL SALES AND USE TAXES AND THE STATE CIGARETTE TAX, 1986–87

(In dollars)

Jurisdiction	Revenue distributed	
	Local sales and use taxes	State cigarette tax
1	2	3
Alameda County	9,084,257	314,102
Alameda	3,511,864	173,504
Albany	1,162,870	42,837
Berkeley	8,270,509	298,713
Dublin	4,779,282	104,571
Emeryville	2,307,880	45,213
Fremont	10,792,303	413,758
Hayward	15,163,210	400,971
Livermore	2,815,252	127,579
Newark	4,241,951	121,190
Oakland	25,409,774	963,108
Piedmont	105,988	17,903
Pleasanton	4,773,438	144,311
San Leandro	12,101,154	299,812
Union City	2,276,344	115,358
Total	106,796,074	3,582,929
Alpine County	91,035	2,978
Amador County	683,562	22,032
Amador	15,023	338
Ione	85,278	5,289
Jackson	554,320	13,483
Plymouth	43,590	1,864
Sutter Creek	230,271	6,571
Total	1,612,044	49,577
Butte County	3,208,911	109,433
Biggs	11,213	2,446
Chico	3,941,436	112,995
Gridley	444,998	13,960
Oroville	2,069,723	48,150
Paradise	882,285	52,516
Total	10,558,566	339,500
Calaveras County	799,081	27,633
Angels	337,096	8,835
Total	1,136,177	36,467
Colusa County	420,865	14,306
Colusa	648,914	18,305
Williams	170,401	5,540
Total	1,240,180	38,152
Contra Costa County	6,804,386	234,836
Antioch	3,335,599	131,326
Brentwood	389,046	14,835
Clayton	102,134	9,112
Concord	13,434,147	384,830
Danville	1,433,886	101,609
El Cerrito	1,729,061	63,725
Hercules	81,862	16,737
Lafayette	1,573,871	64,871
Martinez	1,281,687	63,598
Moraga	459,321	31,073
Orinda	541,802	68,155
Pinole	1,067,675	39,703
Pittsburg	2,010,208	93,205
Pleasant Hill	4,212,838	110,452
Richmond	6,410,741	220,327
San Pablo	1,576,911	56,124
San Ramon	1,930,057	81,196
Walnut Creek	9,439,482	253,787
Total	57,814,715	2,039,500
Del Norte County	277,171	10,350
Crescent City	519,358	13,912
Total	796,529	24,262
El Dorado County	2,242,098	72,891
Placerville	1,753,246	39,984
South Lake Tahoe	2,163,749	69,988
Total	6,159,093	182,864
Fresno County	5,360,926	181,572
Clovis	2,891,096	107,966
Coalinga	391,284	18,663
Firebaugh	275,989	11,001
Fowler	216,055	8,020
Fresno	29,806,604	930,338
Huron	108,517	7,542
Kerman	396,843	12,972
Kingsburg	251,543	13,200
Mendota	222,988	14,444
Orange Cove	95,783	8,735
Parlier	87,362	10,981
Reedley	965,298	35,692
Sanger	743,017	34,626
San Joaquin	113,521	5,350
Selma	1,186,832	40,415
Total	43,113,657	1,441,519
Glenn County	710,004	26,446
Orland	358,158	13,062
Willows	400,795	14,585
Total	1,468,956	54,094
Humboldt County	1,526,845	56,799
Arcata	937,615	37,960
Blue Lake	14,523	2,203
Eureka	4,245,010	107,938
Ferndale	65,947	3,419
Fortuna	629,082	23,256
Rio Dell	48,583	5,179
Trinidad	30,422	1,198
Total	7,498,027	237,952
Imperial County	1,072,605	35,714
Brawley	934,594	43,500
Calexico	1,213,530	46,812
Calipatria	49,304	5,115
El Centro	2,375,144	81,045
Holtville	119,982	9,356
Imperial	283,477	11,317
Westmorland	52,498	3,703
Total	6,101,135	236,562
Inyo County	536,108	18,988
Bishop	884,870	20,621
Total	1,420,979	39,608
Kern County	11,812,118	416,054
Arvin	263,104	16,770
Bakersfield	20,369,266	563,214
California City	44,914	5,594
Delano	1,182,330	50,019
Maricopa	17,414	2,241
McFarland	78,370	10,910
Ridgecrest	1,560,801	62,630
Shafter	351,644	17,338
Taft	893,003	25,205
Tehachapi	346,273	14,938
Wasco	410,209	24,008
Total	37,329,445	1,208,920
Kings County	1,124,426	34,529
Avenal	138,472	9,259
Corcoran	499,327	19,136
Hanford	2,334,406	76,606
Lemoore	549,985	28,261
Total	4,646,617	167,791
Lake County	1,227,194	42,726
Clearlake	605,817	30,897
Lakeport	534,745	15,172
Total	2,367,755	88,795
Lassen County	361,968	12,682
Susanville	879,678	24,510
Total	1,241,646	37,192
Los Angeles County	39,223,338	1,315,835
Agoura Hills	1,099,591	47,528
Alhambra	6,337,912	205,953
Arcadia	4,987,618	152,059
Artesia	1,197,840	41,596
Avalon	358,776	10,227
Azusa	3,006,547	106,707
Baldwin Park	1,635,165	118,629
Bell	1,153,997	61,307
Bellflower	3,638,092	147,752
Bell Gardens	1,256,544	76,350
Beverly Hills	10,307,024	209,604
Bradbury	3,063	1,405
Burbank	12,503,891	328,847
Carson	10,891,789	309,514
Cerritos	14,104,860	329,204
Claremont	1,888,994	82,427
Commerce	12,151,282	210,946
Compton	3,629,661	193,126
Covina	5,274,946	149,813
Cudahy	633,196	41,447
Culver City	8,687,118	332,205
Downey	9,276,148	283,399
Duarte	855,956	43,719
El Monte	7,402,487	260,227
El Segundo	2,644,668	73,174
Gardena	5,309,762	161,278
Glendale	16,643,357	514,089
Glendora	3,365,554	126,066
Hawaiian Gardens	474,911	25,275
Hawthorne	5,509,954	184,043
Hermosa Beach	1,586,866	54,551
Hidden Hills	10,041	3,097
Huntington Park	3,734,958	138,080
Industry	13,097,558	204,314
Inglewood	6,299,509	257,933
Irwindale	2,154,787	36,466
La Canada Flintridge	1,107,818	48,874
La Habra Heights	24,764	8,352
Lakewood	6,381,634	214,472

TABLE 21A—REVENUES DISTRIBUTED TO CITIES AND COUNTIES FROM LOCAL SALES AND USE TAXES AND THE STATE CIGARETTE TAX, 1986–87—Continued

(In dollars)

Jurisdiction	Revenue distributed	
	Local sales and use taxes	State cigarette tax
1	2	3
Los Angeles County —Continued		
La Mirada	3,029,176	113,488
Lancaster	7,244,490	207,220
La Puente	1,535,091	75,672
La Verne	1,460,982	64,591
Lawndale	1,583,204	64,752
Lomita	830,895	43,774
Long Beach	24,622,187	995,121
Los Angeles	246,929,508	11,240,458
Lynwood	1,408,820	105,810
Manhattan Beach	3,325,533	105,785
Maywood	640,436	46,755
Monrovia	3,688,567	108,061
Montebello	5,410,796	180,702
Monterey Park	3,421,302	148,647
Norwalk	5,724,192	224,802
Palmdale	1,960,072	66,612
Palos Verdes Estates	178,366	25,585
Paramount	3,549,675	122,000
Pasadena	16,077,857	454,718
Pico Rivera	4,005,527	154,168
Pomona	7,540,334	298,859
Rancho Palos Verdes	774,157	87,763
Redondo Beach	5,740,977	185,246
Rolling Hills	16,361	3,423
Rolling Hills Estates	1,332,023	33,119
Rosemead	2,454,751	107,206
San Dimas	1,430,035	65,411
San Fernando	1,998,945	61,105
San Gabriel	2,743,959	94,618
San Marino	319,681	26,203
Santa Fe Springs	12,239,674	217,150
Santa Monica	14,028,613	503,680
Sierra Madre	166,404	19,494
Signal Hill	3,366,380	68,146
South El Monte	2,899,033	76,174
South Gate	3,969,160	178,155
South Pasadena	1,031,119	52,393
Temple City	1,295,454	68,592
Torrance	21,898,453	558,332
Vernon	4,931,105	81,405
Walnut	493,569	38,839
West Covina	7,765,183	260,787
West Hollywood	6,000,394	198,325
Westlake Village	839,079	30,609
Whittier	6,847,533	219,753
Total	679,101,028	25,193,397
Madera County	1,689,359	55,983
Chowchilla	319,551	14,323
Madera	1,928,955	72,376
Total	3,937,864	142,683
Marin County	1,445,255	48,487
Belvedere	52,210	4,503
Corte Madera	2,565,076	53,464
Fairfax	240,908	15,435
Larkspur	1,077,314	35,288
Mill Valley	1,100,835	37,641
Novato	2,405,162	107,608
Ross	36,167	4,888
San Anselmo	603,625	28,306
San Rafael	9,058,715	217,772
Sausalito	1,376,187	34,278
Tiburon	327,668	19,013
Total	20,289,124	606,686
Mariposa County	779,569	29,417
Mendocino County	1,782,751	60,809
Fort Bragg	852,406	23,006
Point Arena	20,917	1,099
Ukiah	1,762,147	49,138
Willits	529,191	15,797
Total	4,947,413	149,848
Merced County	1,822,010	64,657
Atwater	556,952	40,352
Dos Palos	203,248	9,667
Gustine	99,213	7,441
Livingston	134,736	11,791
Los Banos	862,248	33,433
Merced	4,885,615	151,129
Total	8,564,023	318,470
Modoc County	149,615	5,514
Alturas	273,359	9,524
Total	422,975	15,038
Mono County	230,175	9,784
Mammoth Lakes	651,027	21,662
Total	881,203	31,447
Monterey County	2,999,068	102,263
Carmel	1,556,017	32,767
Del Rey Oaks	94,176	3,731
Gonzales	108,221	7,857
Greenfield	174,103	11,499
King City	500,369	18,998
Marina	377,068	48,438
Monterey	4,547,233	119,429
Pacific Grove	882,985	39,572
Salinas	8,725,387	285,868
Sand City	176,634	3,367
Seaside	2,476,845	96,428
Soledad	142,887	12,345
Total	22,760,993	782,564
Napa County	2,669,811	96,484
Calistoga	239,556	10,329
Napa	3,833,388	146,938
St. Helena	585,680	17,650
Yountville	145,089	7,170
Total	7,473,524	278,571
Nevada County	2,413,250	81,720
Grass Valley	1,305,557	33,799
Nevada City	421,405	11,065
Total	4,140,212	126,584
Orange County	18,308,526	604,200
Anaheim	30,345,246	851,423
Brea	5,451,648	133,576
Buena Park	9,148,925	250,989
Costa Mesa	20,858,352	467,974
Cypress	2,550,940	102,390
Fountain Valley	3,548,627	140,984
Fullerton	11,723,515	357,280
Garden Grove	11,489,900	384,144
Huntington Beach	16,786,927	550,279
Orange County —Continued		
Irvine	16,101,470	396,852
Laguna Beach	1,607,379	55,330
La Habra	3,624,362	129,752
La Palma	575,200	33,453
Los Alamitos	1,780,914	47,492
Newport Beach	10,659,772	276,572
Orange	15,581,370	402,902
Placentia	2,459,815	99,908
San Clemente	1,809,689	79,144
San Juan Capistrano	1,609,314	59,170
Santa Ana	25,215,774	752,953
Seal Beach	1,121,362	60,111
Stanton	2,055,984	75,040
Tustin	5,827,774	151,508
Villa Park	170,960	13,567
Westminster	7,659,840	229,451
Yorba Linda	1,094,041	77,894
Total	229,167,629	6,784,338
Placer County	4,230,754	147,889
Auburn	1,417,043	35,088
Colfax	240,100	5,622
Lincoln	374,401	14,350
Loomis	123,525	14,654
Rocklin	544,506	26,831
Roseville	5,357,067	131,245
Total	12,287,395	375,679
Plumas County	984,529	35,802
Portola	94,633	4,710
Total	1,079,162	40,512
Riverside County	12,279,517	415,487
Banning	987,884	42,310
Beaumont	744,454	23,778
Blythe	888,783	26,466
Cathedral City	2,674,275	70,547
Coachella	509,950	28,199
Corona	4,870,468	146,851
Desert Hot Springs	357,676	18,212
Hemet	2,795,133	90,208
Indian Wells	218,938	6,204
Indio	3,223,811	96,856
Lake Elsinore	934,400	31,446
La Quinta	426,799	18,083
Moreno Valley	2,046,439	135,422
Norco	597,431	44,385
Palm Desert	3,322,230	71,889
Palm Springs	4,742,111	130,714
Perris	809,870	27,266
Rancho Mirage	1,562,136	35,443
Riverside	19,484,841	606,069
San Jacinto	449,945	24,094
Total	63,927,088	2,089,928
Sacramento County	48,548,836	1,658,548
Folsom	1,294,610	47,610
Galt	324,718	16,069
Isleton	76,443	2,746
Sacramento	30,276,243	988,467
Total	80,520,850	2,713,440

TABLE 21A—REVENUES DISTRIBUTED TO CITIES AND COUNTIES FROM LOCAL SALES AND USE TAXES AND THE STATE CIGARETTE TAX, 1986–87—Continued

(In dollars)

Jurisdiction	Revenue distributed	
	Local sales and use taxes	State cigarette tax
1	2	3
San Benito County	721,575	26,525
Hollister	1,080,633	41,813
San Juan Bautista	75,244	3,400
Total	1,877,451	71,738
San Bernardino County	13,119,029	438,006
Adelanto	76,756	8,032
Barstow	2,002,593	64,047
Big Bear Lake	746,344	25,473
Chino	3,763,217	135,285
Colton	3,687,753	105,870
Fontana	4,119,069	146,149
Grand Terrace	237,194	19,099
Loma Linda	807,898	30,873
Montclair	6,744,678	140,999
Needles	395,536	14,618
Ontario	10,058,122	327,253
Rancho Cucamonga	3,457,790	169,726
Redlands	3,784,098	139,732
Rialto	2,278,274	118,881
San Bernardino	17,600,752	488,543
Upland	4,772,140	161,297
Victorville	4,473,235	103,328
Total	82,124,477	2,637,231
San Diego County	11,154,045	405,285
Carlsbad	6,439,971	180,759
Chula Vista	8,338,492	315,223
Coronado	873,127	48,786
Del Mar	522,045	16,517
El Cajon	11,399,709	307,447
Encinitas [a]	918,441	98,521
Escondido	12,665,915	319,871
Imperial Beach	454,773	45,586
La Mesa	6,349,272	179,655
Lemon Grove	1,587,133	59,870
National City	9,321,361	234,907
Oceanside	5,158,182	228,437
Poway	2,081,933	112,645
San Diego	87,998,057	2,946,109
San Marcos	4,728,664	106,106
Santee	2,993,811	140,615
Solana Beach [a]	652,618	39,526
Vista	2,407,615	109,232
Total	176,045,165	5,895,099
City and County of San Francisco	73,231,918	2,487,177
San Joaquin County	5,468,184	188,502
Escalon	274,441	9,977
Lodi	3,924,971	132,916
Manteca	2,068,540	88,734
Ripon	190,932	12,430
Stockton	15,515,873	523,549
Tracy	2,032,823	72,760
Total	29,475,764	1,028,867
San Luis Obispo County	2,556,179	92,186
Arroyo Grande	1,232,388	40,611
Atascadero	1,249,744	50,898
Grover City	541,997	24,629
Morro Bay	796,010	28,786
Paso Robles	1,768,934	50,468
Pismo Beach	494,513	18,742
San Luis Obispo	5,402,709	143,313
Total	14,042,473	449,632
San Mateo County	8,717,500	297,397
Atherton	61,605	12,990
Belmont	1,217,677	58,995
Brisbane	2,579,734	47,702
Burlingame	5,322,264	130,399
Colma	2,291,445	37,582
Daly City	6,058,391	223,152
East Palo Alto	196,934	44,474
Foster City	1,780,492	67,655
Half Moon Bay	541,295	20,989
Hillsborough	99,008	18,119
Menlo Park	3,081,563	95,101
Millbrae	1,690,872	57,978
Pacifica	843,135	71,250
Portola Valley	80,937	7,956
Redwood City	8,145,681	222,188
San Bruno	3,696,864	113,593
San Carlos	2,442,170	78,498
San Mateo	10,861,658	299,856
South San Francisco	7,566,736	207,733
Woodside	174,383	11,267
Total	67,450,343	2,124,874
Santa Barbara County	7,149,671	236,606
Carpinteria	633,783	28,743
Guadalupe	88,711	8,875
Lompoc	1,792,742	75,411
Santa Barbara	10,448,815	291,675
Santa Maria	6,495,737	185,585
Solvang	684,921	21,758
Total	27,294,379	848,652
Santa Clara County	2,559,046	88,535
Campbell	5,269,108	135,856
Cupertino	6,293,837	157,880
Gilroy	3,054,423	91,113
Los Altos	1,768,882	71,739
Los Altos Hills	69,022	13,195
Los Gatos	3,984,804	107,759
Milpitas	4,347,236	135,841
Monte Sereno	7,817	5,421
Morgan Hill	1,266,832	52,392
Mountain View	10,561,832	263,255
Palo Alto	12,063,312	280,412
San Jose	57,391,894	2,026,540
Santa Clara	21,609,058	485,464
Saratoga	816,404	59,514
Sunnyvale	18,254,441	469,788
Total	149,317,949	4,444,702
Santa Cruz County	3,755,530	132,722
Capitola	2,289,456	50,569
Santa Cruz	5,009,033	153,062
Scotts Valley	1,128,364	29,704
Watsonville	2,391,319	82,087
Total	14,573,702	448,144
Shasta County	1,742,693	61,227
Anderson	359,936	21,110
Redding	7,885,712	204,192
Total	10,188,341	286,529
Sierra County	60,456	2,315
Loyalton	30,016	2,380
Total	90,472	4,694
Siskiyou County	467,741	16,656
Dorris	20,327	1,801
Dunsmuir	97,784	5,083
Etna	35,411	1,829
Fort Jones	48,302	1,685
Montague	34,240	2,923
Mount Shasta	353,048	10,379
Tulelake	38,591	2,092
Weed	195,030	7,930
Yreka	1,088,739	26,974
Total	2,379,211	77,552
Solano County	1,232,299	43,525
Benicia	1,306,848	52,803
Dixon	581,258	24,785
Fairfield	6,064,253	200,354
Rio Vista	361,429	11,142
Suisun	407,177	30,025
Vacaville	2,432,346	122,948
Vallejo	5,248,070	223,084
Total	17,633,680	708,666
Sonoma County	6,074,325	208,431
Cloverdale	222,903	10,425
Cotati	525,917	14,450
Healdsburg	1,393,731	35,751
Petaluma	3,261,977	111,230
Rohnert Park	1,423,166	68,141
Santa Rosa	14,172,831	375,673
Sebastopol	736,252	21,442
Sonoma	861,578	24,748
Total	28,672,681	870,291
Stanislaus County	5,720,881	188,017
Ceres	1,304,106	47,816
Hughson	110,018	6,426
Modesto	11,924,905	393,023
Newman	181,817	8,017
Oakdale	940,889	30,684
Patterson	291,237	12,658
Riverbank	206,419	13,873
Turlock	2,631,869	93,832
Waterford	91,793	6,215
Total	23,403,934	800,562

TABLE 21A—REVENUES DISTRIBUTED TO CITIES AND COUNTIES FROM LOCAL SALES AND USE TAXES AND THE STATE CIGARETTE TAX, 1986–87—Concluded

(In dollars)

Jurisdiction	Revenue distributed	
	Local sales and use taxes	State cigarette tax
1	2	3
Sutter County	1,141,679	37,232
Live Oak	79,322	7,038
Yuba City	2,796,339	79,139
Total	4,017,340	123,408
Tehama County	536,498	19,081
Corning	635,493	19,683
Red Bluff	1,124,883	35,526
Tehama	943	603
Total	2,297,816	74,893
Trinity County	437,031	15,705
Tulare County	3,939,864	130,948
Dinuba	531,307	26,000
Exeter	293,448	14,880
Farmersville	95,088	11,012
Lindsay	344,853	18,251
Porterville	2,152,682	72,516
Tulare	1,924,204	71,339
Visalia	7,047,979	207,303
Woodlake	120,163	10,307
Total	16,449,589	562,555
Tuolumne County	1,868,046	66,066
Sonora	752,530	18,717
Total	2,620,577	84,783
Ventura County	4,561,854	152,263
Camarillo	2,485,976	106,529
Fillmore	455,490	23,429
Moorpark	484,291	31,383
Ojai	537,603	20,368
Oxnard	8,877,338	333,033
Port Hueneme	503,010	39,641
Santa Paula	912,437	50,756
Simi Valley	4,674,661	208,862
Thousand Oaks	9,843,770	307,602
Ventura	11,348,452	311,240
Total	44,684,882	1,585,107
Yolo County	4,440,820	163,204
Davis	2,026,218	96,217
West Sacramento [a]	247,500	35,018
Winters	90,449	6,582
Woodland	2,904,090	98,415
Total	9,709,077	399,436
Yuba County	809,615	29,253
Marysville	1,837,509	46,584
Wheatland	34,908	3,262
Total	2,682,032	79,099
Amounts distributed to:		
City and County of San Francisco	73,231,918	2,487,177
Counties other than San Francisco	275,134,484	9,406,634
Cities other than San Francisco	1,884,006,561	63,702,851
Grand totals	2,232,372,963	75,596,662

Note: Detail may not add to total due to rounding.

[a] During the fiscal year, sales tax ordinances went into effect in three newly incorporated cities. Those cities, the effective date of their sales tax ordinances and the number of months of sales tax distributions they received during 1986–87 are as follows:

Encinitas: January 1, 1987; 4 months
Solana Beach: October 1, 1986; 7 months
West Sacramento: April 1, 1987; 1 month

TABLE 21B—REVENUES DISTRIBUTED TO COUNTIES FROM COUNTY TRANSPORTATION TAX,[a] 1986–87

County	Revenue distributed[b]	County	Revenue distributed[b]	County	Revenue distributed[b]
1	2	1	2	1	2
Alameda	$26,711,085	Marin	$5,050,502	San Mateo	$16,897,544
Alpine	22,807	Mariposa	195,127	Santa Barbara	6,812,712
Amador	403,474	Mendocino	1,232,507	Santa Clara	37,276,800
Butte	2,631,551	Merced	2,136,661	Santa Cruz	3,639,753
Calaveras	284,767	Modoc	105,184	Shasta	2,547,403
Colusa	308,598	Mono	220,474	Sierra	22,557
Contra Costa	14,439,868	Monterey	5,671,330	Siskiyou	593,444
Del Norte	199,071	Napa	1,862,702	Solano	4,402,636
El Dorado	1,540,591	Nevada	1,032,951	Sonoma	7,135,490
Fresno	10,760,453	Orange	57,219,281	Stanislaus	5,844,274
Glenn	363,082	Placer	3,066,683	Sutter	1,002,780
Humboldt	1,874,563	Plumas	270,186	Tehama	572,207
Imperial	1,511,710	Riverside	15,955,752	Trinity	109,768
Inyo	354,974	Sacramento	20,120,118	Tulare	4,126,651
Kern	9,298,805	San Benito	470,030	Tuolumne	655,309
Kings	1,156,787	San Bernardino	20,507,110	Ventura	11,153,986
Lake	592,984	San Diego	44,003,055	Yolo	2,426,028
Lassen	309,625	San Francisco	18,292,987	Yuba	663,579
Los Angeles	169,957,944	San Joaquin	7,360,445		
Madera	981,666	San Luis Obispo	3,502,270	Total	$557,862,682

[a] Effective July 1, 1972, a ¼ percent county sales tax was imposed. This revenue is to be used for transportation purposes in each county.

[b] These are actual payments to the counties and exclude the Board's administrative charge of $4,607,981 and the Business and Transportation Agency's administrative charge of $692,000 (including $392,000 authorized for the 1985–86 fiscal year).

TABLE 21C—REVENUES DISTRIBUTED TO TRANSIT DISTRICTS FROM TRANSACTIONS AND USE TAX, 1986–87

District	Revenue distributed[a]
1	2
Alameda County Transportation Authority[b]	$3,217,500
Bay Area Rapid Transit District[b]	113,583,551
Los Angeles County Transportation Commission[c]	323,968,588
San Mateo County Transit District[d]	28,643,517
Santa Clara County Traffic Authority[e]	69,091,847
Santa Clara County Transit District[f]	71,490,342
Santa Cruz Metropolitan Transit District[g]	7,820,425
Total	$617,815,770

[a] These are actual payments to the transit districts and exclude administrative charges of $9,077,355.

[b] This one-half of one percent tax became effective April 1, 1970 in the counties of Alameda, Contra Costa, and San Francisco. Effective January 1, 1978, 25 percent of the revenue collected under the Bay Area Transit District Sales Tax was earmarked for the Metropolitan Transportation Commission. (Collections are shown in Table 2, footnote d.) The BARTD figures above include MTC allocations. For 1986–87, BARTD received direct allocations of $87,091,130 and $26,492,421 were allocated for MTC as follows: Alameda-Contra Costa Transit District, $12,300,000; San Francisco Municipal Railway, $13,437,500; and BARTD, $754,921.

[c] This one-half of one percent tax became effective July 1, 1982 in Los Angeles County. The one-half of one percent Southern California Rapid Transit District Sales Tax was effective from July 1, 1970 through December 31, 1970 in Los Angeles County.

[d] This one-half of one percent tax became effective July 1, 1982 in San Mateo County.

[e] This one-half of one percent tax became effective April 1, 1985 in Santa Clara County.

[f] This one-half of one percent tax became effective October 1, 1976 in Santa Clara County.

[g] This one-half of one percent tax became effective January 1, 1979 in Santa Cruz County.

[h] This one-half of one percent tax became effective April 1, 1987 in Alameda County.

TABLE 22A—LOCAL SALES TAX DISTRIBUTIONS AND ADMINISTRATIVE CHARGES TO CITIES AND COUNTIES, 1956–57 TO 1986–87

Fiscal year	Net amount distributed (in thousands)				Administrative cost rate per $100 collected [d]	Administrative charge [e] (in thousands)
	County transportation tax [a]	Local sales tax [b]				
		To counties [c]	To cities	Total		
1	2	3	4	5	6	7
1986–87	$557,863	$348,366	$1,884,007	$2,232,373	.82	$23,224
1985–86	535,272	344,736	1,794,613	2,674,621	.82	22,045
1984–85	500,230	342,520	1,659,278	2,502,028	.82	20,972
1983–84	447,671	312,547	1,478,733	2,238,951	.82	18,751
1982–83	391,367	282,212	1,279,151	1,952,730	.82	16,613
1981–82	392,756	289,469	1,282,420	1,964,645	.82	16,433
1980–81	361,888	272,741	1,176,000	1,810,629	.82	15,253
1979–80	340,922	255,372	1,108,417	1,704,711	.82	14,181
1978–79	296,051	220,403	962,997	1,479,451	.82	12,402
1977–78	257,221	192,488	837,756	1,287,465	.82	10,798
1976–77	219,309	167,516	709,664	1,096,489	.82	9,257
1975–76	190,348	147,670	618,406	956,424	.82	8,031
1974–75	172,343	136,047	559,337	867,727	.82	7,253
1973–74	158,087	124,964	513,282	796,333	.82	6,560
1972–73	110,010 [f]	105,678	447,986	663,674	.82 [g]	5,521
1971–72	—	91,117	387,977	479,094	1.01	4,891
1970–71	—	82,337	347,766	430,103	1.09	4,652
1969–70	—	80,691	345,626	426,317	1.10	4,696
1968–69	—	74,687	318,913	393,600	1.13	4,544
1967–68	—	73,227	300,530	373,757 [h]	1.23 [i]	4,926
1966–67	—	68,097	270,241	338,338	1.50	5,162
1965–66	—	64,337	254,851	319,188	1.53	4,871
1964–65	—	62,063	239,455	301,518	1.50	4,610
1963–64	—	59,242	222,908	282,150	1.53	4,386
1962–63	—	55,786 [j]	205,435	261,221 [j]	1.53	4,077
1961–62	—	53,763	186,881	240,644	1.57	3,856
1960–61	—	51,793	174,505	226,298	1.60	3,650
1959–60	—	52,396	162,749	215,145 [k]	1.50	3,348
1958–59	—	44,835	144,968	189,803 [l]	1.64	3,134
1957–58	—	29,473	132,442	161,915	1.72	2,837
1956–57	—	21,257	103,220	124,47	1.65	2,143

NOTE: Excludes distributions to rapid transit districts which were collected at the rate of ½ of one percent; see Table 22B.

[a] Administrative charges by the Board of Equalization and the Business and Transportation Agency have been deducted. These amounted to $5,299,891 in 1986–87.

[b] Includes any administrative cost adjustment made during the fiscal year.

[c] Includes the City and County of San Francisco.

[d] Prior to July 1, 1972, the actual cost of collecting $100 in the fiscal year and the ultimate rate which cities and counties were charged.

[e] These are the amounts actually withheld. The exact charge for administration in any year cannot be computed from the rate shown in the previous column, because the tentative charge used to withhold funds is based on the effective rate in the prior fiscal year. Adjustments are deducted from the fiscal year to which they apply.

[f] Includes advances and payments for only ten months.

[g] Effective July 1, 1972, an administrative cost rate of 82 cents per $100 collected was set by law.

[h] Effective October 1, 1967, taxpayers who were required to prepay state sales and use tax were also required to prepay local sales and use tax. This resulted in a one-time windfall of $19,250,000 during the 1967–68 fiscal year.

[i] Additional revenue from the one-cent increase in the state sales tax rate effective August 1, 1967, resulted in a sharp reduction in the ratio.

[j] Excludes $595,317 that was collected in 1959–60 and impounded pending decision on litigation brought by the City of Commerce. This amount, plus accumulated interest, was distributed in 1962–63.

[k] Excludes $3,825,750 advanced to cities and counties in the 1958–59 fiscal year out of receipts that normally would have been distributed in the first quarter of the 1959–60 fiscal year. This sum was distributed to help local jurisdictions whose sales tax receipts were running below expectations because of the 1957–58 business recession.

[l] Includes the $3,825,750 discussed in the previous footnote.

TABLE 22B—TRANSIT DISTRICT TAX DISTRIBUTIONS AND ADMINISTRATIVE CHARGES, 1969–70 TO 1986–87
(in thousands of dollars)

Fiscal year	Net amount distributed	Administrative charge
1	2	3
1986–87	$617,816	$9,077
1985–86	590,066	9,723
1984–85	495,958	8,197
1983–84	445,738	7,331
1982–83	349,385	5,233
1981–82	142,505	2,252
1980–81	114,621	2,061
1979–80	119,728	1,911
1978–79	87,103	1,587
1977–78	80,680	1,404
1976–77	60,176	986
1975–76	42,424	713
1974–75	40,023	669
1973–74	35,613	599
1972–73	31,343	585
1971–72	28,325	577
1970–71	60,860	1,333
1969–70	1,570	298

TABLE 23—LOCAL SALES AND USE TAX RATES IMPOSED BY CALIFORNIA CITIES ON JULY 1, 1987

County	City rate [a]	Cities
1	2	3
Alameda	1.00	Dublin/Livermore/ San Leandro
	.95	All other cities
Alpine	—	No incorporated cities
Amador	1.00	All cities
Butte	1.00	All cities
Calaveras	.95	Angels
Colusa	1.00	All cities
Contra Costa	.975	All cities
Del Norte	1.00	All cities
El Dorado	1.00	All cities
Fresno	.99	Fresno
	1.00	All other cities
Glenn	1.00	All cities
Humboldt	1.00	All cities
Imperial	1.00	All cities
Inyo	1.00	All cities
Kern	1.00	All cities
Kings	.95	Hanford
	.98	All other cities
Lake	1.00	All cities
Lassen	1.00	All cities
Los Angeles	1.00	All cities
Madera	1.00	All cities
Marin	1.00	All cities
Mariposa	—	No incorporated cities
Mendocino	1.00	All cities
Merced	.925	Merced
	.95	Los Banos
	1.00	All other cities
Modoc	.90	Alturas
Mono	1.00	Mammoth Lakes
Monterey	1.00	All cities
Napa	.855	All cities
Nevada	1.00	All cities
Orange	1.00	All cities
Placer	1.00	All cities
Plumas	.95	Portola
Riverside	1.00	All cities
Sacramento	1.00	All cities
San Benito	1.00	All cities
San Bernardino	1.00	All cities
San Diego	1.00	All cities
San Francisco	1.00	—
San Joaquin	1.00	All cities
San Luis Obispo	1.00	All cities
San Mateo	.95	All cities
Santa Barbara	1.00	All cities
Santa Clara	1.00	All cities
Santa Cruz	1.00	All cities
Shasta	1.00	All cities
Sierra	.95	Loyalton
Siskiyou	1.00	All cities
Solano	1.00	All cities
Sonoma	.975	All cities
Stanislaus	.95	Modesto/Turlock
	.98	Ceres
	1.00	All other cities
Sutter	1.00	All cities
Tehama	1.00	Tehama
	.90	All other cities
Trinity	—	No incorporated cities
Tulare	.95	All cities
Tuolumne	.95	Sonora
Ventura	1.00	Ojai
	.967	All other cities
Yolo	1.00	All cities
Yuba	1.00	All cities

[a] Each city's tax rate is credited against the county's one percent tax.

MOTOR VEHICLE FUEL TAXES

TABLE 24—GASOLINE AND JET FUEL TAX STATISTICS, 1923–25 TO 1986–87

Fiscal year	Gasoline				Jet fuel tax	
	Taxable distributions (in thousands of gallons)	Revenue [a] (in thousands)	Refunds (in thousands)	Tax-paying distributors on June 30 [b]	Taxable distributions (in thousands of gallons)	Revenue [a] (in thousands)
1	2	3	4	5	6	7
1986–87	12,553,224	$1,125,715	$21,523	140	44,304	$966
1985–86	11,878,619	1,083,986	12,562	137	39,255	845
1984–85	11,642,880	1,054,864	13,911	147	41,617	884
1983–84	11,378,375	1,027,740 [c]	19,086	154	41,025	845
1982–83	10,941,848	877,130 [c]	17,139 [d]	145	37,471	703
1981–82	11,015,230	770,628 [d]	27,572	131	40,435	860
1980–81	11,185,862	787,106	25,987	102	43,713	891
1979–80	11,316,801	800,012	24,451	94	50,225	988
1978–79	11,916,829	835,947	21,716	77	46,422	915
1977–78	11,571,520	810,020	18,866	76	34,469	692
1976–77	10,995,557	769,978	15,775	84	27,445	551
1975–76	10,530,404	737,100	14,802	77	23,583	474
1974–75	10,141,120	709,899	13,347	72	20,494	411
1973–74	10,019,253	701,400	15,271	49	19,324	390
1972–73	10,223,805	715,683	15,244	49	17,941	360
1971–72	9,748,850	682,482	13,393	48	14,463	292
1970–71	9,232,664	646,312	13,401	58	12,043	245
1969–70	8,939,785	641,268 [e]	13,437	52	8,057 [f]	163 [f]
1968–69	8,494,055	601,783 [e]	14,596	53	—	—
1967–68	8,057,505	564,038	14,012	63	—	—
1966–67	7,649,738	535,488	15,560	59	—	—
1965–66	7,385,411	529,819 [g]	17,234	63	—	—
1964–65	7,041,337	510,954 [g]	15,981	61	—	—
1963–64	6,732,890	454,126 [h]	14,680	63	—	—
1962–63	6,331,380	379,883	14,846	71	—	—
1961–62	5,995,532	359,739	15,361	81	—	—
1960–61	5,794,324	347,668	17,268	80	—	—
1959–60	5,626,387 [i]	337,588 [i]	20,814	89	—	—
1958–59	5,404,848	324,295	21,410	88	—	—
1957–58	5,117,693	307,038	20,531	94	—	—
1956–57	4,932,752	295,982	20,786	100	—	—
1955–56	4,734,064	284,152	21,516	100	—	—
1954–55	4,424,151	265,576	26,192	102	—	—
1953–54	4,255,309	255,305 [j]	26,088	88	—	—
1952–53	4,156,557	187,047	19,175	90	—	—
1951–52	3,878,273	174,527	19,595	100	—	—
1950–51	3,589,902	161,551	15,339	112	—	—
1945–50	14,909,722	592,832 [k]	—	107		
1940–45	9,167,652	275,029	—	122	—	—
1935–40	8,594,082	258,845	—	142	—	—
1930–35	6,790,740	201,685	—	88	—	—
1925–30	5,351,593	139,925 [l]	—	82	—	—
1923–25	1,259,474	24,938 [m]	—	74	—	—

[a] Includes self-assessed taxes, tax deficiencies, interest and penalties. Refunds for nonhighway use (column 4) have not been deducted.

[b] In addition, on June 30, 1987 there were 99 fully-licensed distributors who incurred no tax liabilities during the year.

[c] Effective January 1, 1983, the tax rate was increased from 7 cents to 9 cents per gallon. Receipts from the two cents per gallon storage tax imposed at the time of the rate increase are not included; these amounted to $3,456,000 in 1982–83 and $169,000 in 1983–84 including interest and penalties.

[d] A revision in the Revenue and Taxation Code effective January 1, 1982, allows a taxpayer to offset tax-paid exports against incurred tax liability instead of filing a claim for refund on such exports. Net revenue, over time, should not be affected by this revision.

[e] A special one-cent levy was in effect from June 1, 1969 through August 31, 1969 to raise funds to repair and restore storm- and flood-damaged roads. This levy raised $7.2 million from distributions during the 1968–69 fiscal year and $15.5 million during the 1969–70 fiscal year. No storage tax was imposed.

[f] The aircraft jet fuel tax levied at the rate of two cents per gallon on jet aircraft fuel used in general aviation became operative December 1, 1969 under the Motor Vehicle Fuel License Tax Law.

[g] A special one-cent levy was in effect from April 1, 1965 through August 31, 1965 to raise funds to repair and restore storm- and flood-damaged roads in the northwestern part of the state. This levy raised $18.2 million from distributions during the 1964–65 fiscal year (excluding the storage tax of $1,108,000 including interest and penalties) and $12.8 million during the 1965–66 fiscal year (excluding the storage tax refund of $1,131,000).

[h] Effective October 1, 1963, the tax rate was increased from 6 cents to 7 cents per gallon. Receipts from the one cent per gallon storage tax imposed at the time of the rate increase are not included; these amounted to $1,125,267, including interest and penalties.

[i] Effective October 1, 1959, liquefied petroleum gases were excluded from the definition of a "motor vehicle fuel." Since that date, vendors and users of this fuel have been required to report under the Use Fuel Tax Law. (See Table 26.)

[j] Effective July 1, 1953, the tax rate was increased from 4½ cents to 6 cents per gallon. Receipts from the 1½ cent storage tax imposed at the time of the rate increase are not included; these amounted to $1,071,000 including interest and penalties.

[k] Effective July 1, 1947, the tax rate was increased from 3 cents to 4½ cents per gallon. Receipts from the 1½ cent storage tax imposed at the time of the increase are not included; these amounted to $680,000, including interest and penalties.

[l] Effective July 29, 1927, the tax rate was increased from 2 cents to 3 cents per gallon.

[m] The motor vehicle fuel tax was first imposed October 1, 1923 at a rate of two cents per gallon.

TABLE 25—TAXABLE DISTRIBUTIONS OF GASOLINE AND TAX ASSESSMENTS, BY DISTRIBUTOR, 1985–86 AND 1986–87

Name of company [a]	Gallons (in thousands)		Tax [b] (in thousands)	
	1985–86	1986–87	1985–86	1986–87
1	2	3	4	5
Allied Petroleum Company, Incorporated	1,841	1,632	$166	$147
Astroline Pacific, Incorporated	596	955	54	86
Atlantic Richfield Company	1,963,961	2,157,439	176,756	194,170
Beacon Oil Company	292,433	267,736	26,319	24,096
Bi-State Petroleum	1,701	2,198	153	198
Bulk Oil USA Incorporated	—	17,842		1,606
Cal Jet, Incorporated	809	2,972	73	267
Carson Valley Oil	202	610	18	55
Chevron USA, Incorporated	1,828,665	2,010,570	164,580	180,951
Conoco, Incorporated	6,261	1,183	563	106
Desert Fuels	5	6,722	—	605
Douglas Oil Company of California	86,185	67,440	7,757	6,070
EZ Serve of California	528	506	47	45
Ed Staub and Sons Petroleum, Incorporated	1,085	2,131	98	192
Edgington Oil Company, Incorporated	29,858	14,025	2,687	1,262
Eureka Fuel Company	1,579	2,012	142	181
Exxon Corporation	754,483	748,791	67,903	67,391
Ezell Oil Company	240	491	22	44
Fletcher Oil and Refining Company	108,430	130,318	9,759	11,729
Flying J	76	497	7	45
Ford Motor Company	2,926	3,240	263	292
Golden Gate Petroleum Company	62,997	1,974	5,670	178
Golden West Refining Company	335,074	362,459	30,157	32,621
Huntway Refining Company	4,122	10,791	371	971
Jaco Oil Company	598	812	54	73
Kern Oil and Refining Company	57,258	48,783	5,153	4,391
Lee Chambers Petroleum	943	1,016	85	92
Lunday-Thagard Company	319	2,109	29	190
MT Transportation	1,533	1,414	138	127
MacMillan Ring Free Oil Company, Incorporated	13,782	6,645	1,240	598
Mobil Oil Corporation	913,095	1,026,108	82,178	92,350
Mohave Oil Company	784	893	70	80
Nella Oil	214	2,298	19	207
Newhall Refining Company, Incorporated	19,573	33,272	1,762	2,994
Norris Supply Company, Incorporated	836	540	75	49
Otten Distributing	377	1,722	34	155
Oxbow Resources	19,130	8,601	1,722	774
Pacific Refining Company	32,849	72,392	2,956	6,515
Paramount Petroleum Corporation	71,748	68,225	6,457	6,140
Powerine Petroleum	9	21,293	—	1,916
Redwood Oil	79	492	7	44
Shell Oil Company	1,641,050	1,751,508	147,694	157,636
Sherman Petroleum	1,088	3,245	98	292
Snobird, Incorporated	1,187	1,456	107	131
Tesoro Refining	144	783	13	70
Texaco Refining and Marketing	882,919	875,252	79,463	78,773
Texmo Oil	394	951	35	86
Time Oil Company	16,032	18,891	1,443	1,700
Tosco Corporation	510,253	537,429	45,923	48,369
USA Petroleum	1,054	1,420	95	128
Union Oil Company of California	1,541,485	1,583,521	138,734	142,517
United El Segundo	—	818	—	73
Union Pacific Resoures	228,533	324,319	20,568	29,189
Vitol, S.A.	5,945	9,692	535	872
Western Energetix Corporation	1,407	1,444	127	130
Westport Petroleum	—	2,080	—	187
Wickland Oil Terminals	295,056	266,490	26,555	23,984
Willbarb Petroleum Carriers, Incorporated	1,395	9,812	125	883
World Oil Company	72,928	45,277	6,564	4,075
81 Other distributors paying less than $40,000 in 1986–87	59,838	6,545	5,386	589
Adjustments	727	1,142	14,977	(3,972)
Total	11,878,619	12,553,224	$1,083,986	$1,125,715

[a] "Distributors" are companies or individuals who make the first distribution of gasoline in California, and they are responsible for payment of the tax. (Aircraft manufacturers and certificated or licensed carriers by air may be included within the definition of distributor.) "Broker" includes every person, other than a distributor or a retailer, who deals in lots of 200 or more gallons of gasoline.

[b] Refunds for non-highway use totaling $21,523,000 in 1986–87 and $12,562,000 in 1985–86 have not been deducted.

[c] Adjustments include temperature-corrected gallonage from broker returns, late returns, audits, interest and penalties.

MOTOR VEHICLE FUEL TAXES

TABLE 26—DIESEL FUEL AND LIQUEFIED PETROLEUM GASES STATISTICS, 1937–40 TO 1986–87

Fiscal year	Taxable distributions (in thousands of gallons)	Total tax [a] (in thousands)	Self-assessed taxes (in thousands)		Active permits on December 31		Tax paid at reduced rate by transit districts (in thousands) [c]
	Diesel		Diesel	LPG [b]	Users	Vendors	
1	2	3	4	5	6	7	8
1986–87	1,667,829	$171,171	$154,426	$2,261	76,159	3,286	$1,013
1985–86	1,525,237	134,964	130,297	2,699	72,745	3,318	872
1984–85	1,466,586	129,397	125,685	2,988	68,153	3,233	788
1983–84	1,424,584	125,986	121,711	3,020	58,526	3,109	813
1982–83	1,257,607	97,834	94,059 [d]	3,053	56,315	2,969	748
1981–82	1,184,334	81,773	78,206	3,028	54,615	2,738	783
1980–81	1,179,810	81,769	78,635	2,749	50,870	2,461	659
1979–80	1,162,560	80,144	77,557	2,184	46,324	2,132	637
1978–79	1,104,046	75,530	73,545	1,611	42,971	1,916	624
1977–78	987,855	67,764	65,715	1,658	44,739	1,813	553
1976–77	915,481	63,121	60,921	1,699	43,718	1,724	527
1975–76	827,487	56,857	55,263	1,448	42,988	1,714	507
1974–75	753,064	50,741	50,314	205	39,711	1,670	395
1973–74	770,854	52,164	51,667	289	36,493	1,627	382
1972–73	735,380	49,841	49,351	290	32,011	1,551	354
1971–72	674,292	45,981	45,155	599	28,967	1,507	330
1970–71	615,887	42,151	41,028	814	25,878	1,455	338
1969–70	579,903	40,496	39,511 [e]	755	23,851	1,387	320
1968–69	543,083	37,612	36,597 [e]	774	22,430	1,376	312 [f]
1967–68	477,249	34,375	33,407	814	20,843	1,360	—
1966–67	435,900	31,480	30,513	829	19,507	1,315	—
1965–66	419,286	31,214	30,054 [g]	1,028 [g,h]	18,038	1,256	—
1964–65	387,014	29,465	28,098 [g]	1,211 [g]	17,391	1,216	—
1963–64	358,995	26,532	25,129	1,274 [i]	16,238	1,217	—
1962–63	328,716	24,323	23,010	1,187	15,385	1,203	—
1961–62	306,689	22,871	21,468	1,291	14,670	1,195	—
1960–61	286,429	21,619	20,050	1,446	13,488	1,206	—
1959–60	280,157	20,837	19,609	1,094 [j]	12,451	1,109	—
1958–59	267,247	18,812	18,694	—	10,192	801	—
1957–58	246,711	17,454	17,270	—	9,807	773	—
1956–57	237,481	16,826	16,624	—	9,530	862	—
1955–56	226,448	16,018	15,850	—	8,877	825	—
1954–55	202,406	14,323	14,172	—	8,182	853	—
1953–54	183,043	12,873	12,738 [k]	—	7,441	751 [l]	—
1952–53	174,026	7,946	7,831	—	6,197	—	—
1951–52	150,683	6,885	6,780	—	5,166	—	—
1950–51	131,562	6,023	5,920	—	4,244	—	—
1945–50	406,708	16,527	16,238 [m]	—	2,610	—	—
1940–45	205,397	6,235	6,162	—	1,051	—	—
1937–40	38,625	1,178	1,159 [n]	—	n.a.	—	—

[a] Includes interest and penalties which amounted to $2,616,000 during the 1986–87 fiscal year. This revenue is on an accrual basis and therefore differs from the number in Table 2 which is on a cash basis.

[b] Beginning in December 1973, LPG users were allowed to pay tax on a flat rate basis. This precludes computing LPG gallonage. Flat rate payments totaled $885,000 during 1986–87, 39.1 percent of LPG taxes.

[c] These amounts are also included in columns 3 and 4.

[d] Effective January 1, 1983, the tax rate on diesel fuel was increased from 7 cents to 9 cents per gallon.

[e] A special one-cent levy was in effect from June 1, 1969 through August 31, 1969 to raise funds to repair and restore storm- and flood-damaged roads. This levy raised $450,000 from distributions during the 1968–69 fiscal year and $837,000 during the 1969–70 year.

[f] Effective July 1, 1968, the tax rate on most fuel consumed by municipal transit districts was reduced to one cent per gallon.

[g] A special one-cent levy was in effect from April 1, 1965 through August 31, 1965 to raise funds to repair and restore storm- and flood-damaged roads. This levy raised a total of $1,786,000.

[h] Effective January 1, 1966, the tax rate on liquefied petroleum gases was decreased from 7 cents to 6 cents per gallon.

[i] Effective October 1, 1963, the tax rate on liquefied petroleum gases was increased from 6 cents to 7 cents per gallon.

[j] Effective October 1, 1959, users and vendors of liquefied petroleum gases were required to report under the Use Fuel Tax Law. Prior to this date, they reported under the Motor Vehicle Fuel License Tax Law.

[k] Effective July 1, 1953, the tax rate on diesel fuel was increased from 4½ cents to 7 cents per gallon.

[l] Effective September 9, 1953, vendors of use fuel were authorized to collect the use fuel tax.

[m] Effective July 1, 1947, the tax rate on diesel fuel was increased from 3 cents to 4½ cents per gallon.

[n] This tax became effective July 1, 1937 at a rate of 3 cents per gallon on diesel and other fuels not subject to the motor vehicle fuel tax.

n.a. Not available.

ALCOHOLIC BEVERAGE TAX

TABLE 27—BEER, WINE, AND DISTILLED SPIRITS EXCISE TAX COLLECTIONS, 1932–35 TO 1986–87 [a]

(In thousands of dollars)

Fiscal year	Beer	Wine			Distilled spirits	Total
		Still wines		Champagne and sparkling wines		
		14 percent alcohol or less	Over 14 percent alcohol			
1	2	3	4	5	6	7
1986–87	$25,653	$1,084	$180	$3,180	$100,265	$130,362 [b]
1985–86	25,665	1,114	165 [r]	3,447	102,097	132,490
1984–85	25,146	1,017	156	3,243	105,497	135,059
1983–84	25,017	981	162	3,201	107,128	136,489
1982–83	24,043	957	168	2,742	108,786	136,696
1981–82	24,644 [r]	928	167	2,470	112,146	140,355 [r]
1980–81	24,707	899	167	2,293	114,999	143,065
1979–80	23,300	836	175	1,973	113,311	139,596
1978–79	22,367	815	190	1,853	113,329	138,554
1977–78	20,951	755	210	1,643	111,194	134,753
1976–77	19,945	690	212	1,394	105,468	127,708
1975–76	18,616	660	229	1,339	105,411	126,255
1974–75	18,057	605	231	1,219	101,447	121,559
1973–74	16,830	578	232	1,291	100,417	119,348
1972–73	15,782	559	264	1,326	96,755	114,686
1971–72	15,261	486	275	1,301	94,809	112,132
1970–71	13,847	444	262	1,273	90,780	106,606
1969–70	14,451	386	272	1,024	89,832	105,965
1968–69	12,743	316	286	785	85,546	99,676
1967–68	11,954	281	291	716	78,810 [c]	92,052
1966–67	12,508	247	306	632	59,607	73,300
1965–66	11,629	235	320	537	57,438	70,159
1964–65	11,764	218	323	489	54,152	66,946
1963–64	10,148	203	337	405	50,703	61,796
1962–63	9,981	187	333	332	47,989	58,822
1961–62	9,442	169	345	313	45,283	55,552
1960–61	9,093	159	352	274	42,148	52,026
1959–60	9,316 [d]	138	346	269	40,406	50,475
1958–59	4,392	115	353	206	37,329	42,395
1957–58	4,046	109	351	189	34,230	38,925
1956–57	3,847	105	331	181	34,784	39,248
1955–56	3,803	104	326	151 [e]	31,518 [f]	35,902
1954–55	3,656	94	317	117	16,710	20,894
1953–54	3,477	90	330	102	15,715	19,714
1952–53	3,621	80	317	96	15,657	19,771
1951–52	3,315	74	279	81	14,436	18,185
1950–51	3,363	73	273	97	16,018	19,824
1945–50	16,105	289	1,360	392	72,011	90,157
1940–45	11,516	[g] 351	1,217	268	62,806	76,158
1935–40	7,823	220 [g]	1,606 [h]	91 [i]	40,276 [j]	50,016
1932–35 [k]	2,397	--	479 [l]	—	—	2,876

[a] Collections are on an accrual basis and therefore differ from those in Table 2 which are on a cash basis.

[b] In previous reports this footnote presented detail on collections based on audits along with refunds and interest and penalties. Such detail is not available for 1986–87.

[c] Effective August 16, 1967, the tax rate was increased from $1.50 to $2.00 per gallon. Receipts from the 50-cent floor tax are not included; these amounted to $3,009,778.

[d] Effective July 1, 1959, the tax rate was increased from 2 cents to 4 cents per gallon. Receipts from the 2-cent floor tax are not included; these amounted to $369,170.

[e] Effective July 1, 1955, the tax on champagne and sparkling wines was changed from 1.5 cents per half-pint or fraction thereof to 30 cents per gallon. This revision eliminated inequities in the tax and provided a uniform tax rate; it was not considered to be a tax rate increase.

[f] Effective July 1, 1955, the tax rate was increased from 80 cents to $1.50 per gallon. Receipts from the 70-cent floor tax imposed at the time of the rate increase are not included; these amounted to $3,120,882.

[g] The tax on natural dry wines was reduced from 2 cents to 1 cent per gallon effective July 1, 1937.

[h] Still wines over 14 percent alcohol include still wines of 14 percent alcohol or less through 1936–37 because their tax rates were the same and they were not reported separately.

[i] Beginning July 1, 1935, tax on sparkling wine and champagne was imposed at 3 cents per pint.

[j] The excise tax on distilled spirits was first imposed July 1, 1935 at a rate of 80 cents per gallon.

[k] The alcoholic beverage tax was first effective April 6, 1933 at a rate of 2 cents per gallon on beer and wine.

[l] Includes all types of wines. The tax rate was 2 cents per gallon on all wine and the different types were not reported separately.

[r] Revised.

ALCOHOLIC BEVERAGE TAX

TABLE 28—APPARENT CONSUMPTION [a] OF BEER, WINES AND DISTILLED SPIRITS BY FISCAL YEAR, 1935–40 TO 1986–87

(In thousands of gallons)

Fiscal year	Beer [b]	Wine				Distilled spirits
		Still wines		Champagne and sparkling wines	Total wine consumption	
		14 percent alcohol or less	Over 14 percent alcohol			
1	2	3	4	5	6	7
1986–87	664,051	108,442	8,991	10,599	128,032	50,132
1985–86	634,915	111,358	8,245 r	11,489	131,191	51,048
1984–85	626,426	101,671	7,821	10,809	120,301	52,748
1983–84	623,174	98,131	8,099	10,670	116,900	53,564
1982–83	598,790	95,718	8,416	9,141	113,275	54,393
1981–82	610,873	92,815	8,374	8,232	109,421	56,073
1980–81	610,689	89,931	8,339	7,642	105,912	57,500
1979–80	576,951 r	83,621	8,745	6,577 r	98,943 r	56,656
1978–79	564,280	81,495	9,507	6,175	97,177	56,665
1977–78	528,724	75,538	10,489	5,475	91,502	55,597
1976–77	506,034	68,985	10,599	4,647	84,231	52,734
1975–76	471,996	65,988	11,458	4,463	81,909	52,705
1974–75	460,592	60,543	11,551	4,063	76,157	50,724
1973–74	431,001	57,761	11,591	4,304	73,656	50,208
1972–73	404,900	55,949	13,207	4,419	73,575	48,377
1971–72	395,645	48,555	13,768	4,337	66,660	47,405
1970–71	356,738	44,392	13,119	4,244	61,755	45,390
1969–70	373,129	38,568	13,584	3,412	55,564	44,916
1968–69	328,976	31,650	14,317	2,616	48,583	42,773
1967–68	308,936	28,103	14,543	2,386	45,032	40,629
1966–67	321,765	24,713	15,320	2,107	42,140	39,738
1965–66	298,711	23,509	15,990	1,791	41,290	38,292
1964–65	300,835	21,790	16,131	1,629	39,550	36,102
1963–64	261,145	20,312	16,848	1,350	38,510	33,802
1962–63	256,151	18,668	16,661	1,106	36,435	31,993
1961–62	242,761	16,851	17,239	1,044	35,134	30,189
1960–61	232,962	15,861	17,602	913	34,376	28,098
1959–60	238,120	13,761	17,299	898	31,958	26,937
1958–59	224,657	11,547	17,631	688	29,866	24,886
1957–58	207,021	10,901	17,555	630	29,086	22,820
1956–57	196,151	10,460	16,570	605	27,635	23,189
1955–56	192,973	10,447	16,324	502	27,273	21,012
1954–55	185,388	9,394	15,826	390	25,610	20,887
1953–54	177,629	8,987	16,507	396	25,890	19,644
1952–53	184,657	8,041	15,833	401	24,275	19,572
1951–52	168,847	7,431	13,969	336	21,736	18,045
1950–51	167,439	7,271	13,674	405	21,350	20,022
1945–50	801,657	29,022	67,996	1,625	98,643	90,014
1940–45	573,369	35,000	61,130	1,009	97,139	78,507
1935–40	387,414	37,121	65,264	683	103,068	50,345

[a] Figures in this table represent taxable distributions compiled from monthly tax returns. Because the tax liability attaches at the time alcoholic beverages are sold by manufacturers, importers, or wholesalers, rather than at the time a retail sale is made or when the consumption occurs, they are referred to as "apparent" consumption figures rather than as "actual" consumption figures.

[b] Includes a relatively small amount of tax-exempt beer distributed to the armed forces subsequent to June 30, 1951. Prior to July 1951, such distributions were taxable. Effective January 1, 1980, distributions of beer for the armed forces became subject to the state's excise tax when purchased from California suppliers.

r Revised.

TABLE 29—PER CAPITA CONSUMPTION [a] OF BEER, WINES, AND DISTILLED SPIRITS BY FISCAL YEAR, 1935–36 TO 1986–87

(Consumption in gallons)

Fiscal year	Population [b]	Per capita consumption		
		Beer [c]	Wines	Distilled spirits
1	2	3	4	5
1986–87	27,292,300	24.33	4.69	1.84
1985–86	26,687,500 [r]	23.79 [r]	4.92 [r]	1.91 [r]
1984–85	26,079,000	24.02	4.61	2.02
1983–84	25,414,000	24.52	4.60	2.11
1982–83	24,944,700	24.00	4.54	2.18
1981–82	24,469,500	24.96	4.47	2.29
1980–81	23,992,900	25.45	4.41	2.40
1979–80	23,534,000	24.52 [r]	4.20 [r]	2.41
1978–79	23,072,000	24.46	4.21	2.46
1977–78	22,610,000	23.38	4.05	2.46
1976–77	22,164,000	22.83	3.80	2.38
1975–76	21,756,000	21.70	3.76	2.42
1974–75	21,374,000	21.55	3.56	2.37
1973–74	21,036,000	20.49	3.50	2.39
1972–73	20,737,000	19.53	3.55	2.33
1971–72	20,470,000	19.33	3.26	2.32
1970–71	20,193,000	17.67	3.06	2.25
1969–70	19,922,000	18.73	2.79	2.25
1968–69	19,664,000	16.73	2.47	2.18
1967–68	19,372,000	15.95	2.32	2.10
1966–67	19,041,000	16.90	2.21	2.09
1965–66	18,670,000	16.00	2.21	2.05
1964–65	18,255,000	16.48	2.17	1.98
1963–64	17,768,000	14.70	2.17	1.90
1962–63	17,211,000	14.88	2.12	1.86
1961–62	16,636,000	14.59	2.11	1.81
1960–61	16,114,000	14.46	2.13	1.74
1955–56	13,292,000	14.52	2.05	1.58
1950–51	10,886,000	15.38	1.96	1.84
1945–46	9,452,000	16.86	2.13	2.37
1940–41	7,094,000	10.71	2.51	1.60
1935–36	6,258,000	11.63	3.39	1.46

[a] Based on taxable distributions compiled from monthly tax returns.
[b] Population used is for January 1 of each fiscal year.
[c] Includes tax-exempt beer sold to the armed forces; see Table 28 footnote b.
[r] Revised.

CIGARETTE TAX

TABLE 30A—CIGARETTE TAX REVENUE, 1959–60 TO 1986–87

(In thousands of dollars)

Fiscal year	Revenue [a]	Distributors' discounts [b]	Gross value of tax indicia [c]	Refunds	Amount set aside for cities and counties
1	2	3	4	5	6
1986–87	$252,745	$2,163	$254,908	$2,661	$75,609
1985–86	257,650	2,202	259,852	2,834	77,443
1984–85	262,470	2,244	264,714	2,390	78,861
1983–84	265,788	2,271	268,059	2,756	78,969
1982–83	271,138	2,314	273,452	2,060	81,486
1981–82	276,262	2,362	278,624	1,843	83,047
1980–81	274,885	2,349	277,234	1,567	82,465
1979–80	272,053	2,327	274,380	1,645	81,616
1978–79	268,816	2,303	271,805	1,369	80,645
1977–78	274,102	2,348	276,005	1,239	82,231
1976–77	269,385	2,309	272,015	832	80,815
1975–76	268,610	2,303	270,913	927	80,583
1974–75	261,975	2,246	264,346	745	78,593
1973–74	258,921	2,220	262,688	632	77,676
1972–73	253,602	2,174	255,774	626	76,081
1971–72	246,351	2,112	248,181	677	73,904
1970–71	239,195	2,051	241,870	552	71,764
1969–70	235,901	2,022	238,835	455	70,762
1968–69	237,159	2,032	239,376	492	71,140
1967–68	205,985 [d,e]	1,786	209,654	356	52,039 [d]
1966–67	75,597	1,543	77,130	136	—
1965–66	74,578	1,522	76,334	92	—
1964–65	74,477	1,520	75,948	56	—
1963–64	71,822	1,468	73,391	77	—
1962–63	70,194	1,437	71,836	79	—
1961–62	66,054	1,391	69,557	58	—
1960–61	66,024 [g]	1,675 [f]	67,372	76	—
1959–60	64,805 [h]	767 [i]	64,805	27	—

[a] Net of refunds for tax indicia on cigarettes that become unfit for use. (See column 5.)

[b] A discount of .85 percent of gross value of tax indicia is granted to distributors for affixing the stamps. From July 1, 1960 until August 1, 1967 the discount rate was 2%.

[c] Effective July 16, 1961, distributors have been able to purchase tax indicia on credit. On June 30, 1987, this amounted to $19,933,132 and on June 30, 1986, it amounted to $20,647,267.

[d] Effective August 1, 1967, the tax rate was increased from 3¢ to 7¢ per pack. On October 1, 1967 the rate was further increased to 10¢ per pack, with the stipulation that 30% of the tax be allocated to cities and counties.

[e] Includes $6,515,209 from the 4¢ per pack floor stocks tax levied on August 1, 1967; and $4,889,485 from the 3¢ per pack floor stocks tax imposed October 1, 1967.

[f] Effective July 1, 1960, a discount was allowed at the time tax indicia were purchased.

[g] Refunds made for distributors' discounts in the 1960–61 fiscal year on purchases made in the 1959–60 fiscal year have been deducted. These refunds amounted to $324,000.

[h] Includes $2,673,048 from the 3¢ per pack floor stocks tax imposed July 1, 1959; and also includes the amount of distributors' discounts which were refunded after purchase of indicia.

[i] During July and August of 1959 the tax was collected by invoice and no discount was allowed on these collections of $8,123,700, nor on the $2,673,048 tax on floor stocks.

CIGARETTE TAX

TABLE 30B—CIGARETTE DISTRIBUTIONS AND PER CAPITA CONSUMPTION, 1959–60 TO 1986–87

Fiscal year	Distributions (millions of packages)			Per capita consumption (in packages)[a]
	Total	Tax paid	Tax exempt	
1	2	3	4	5
1986–87	2,644	2,549	95	96.9
1985–86	2,697	2,599	98	101.1 r
1984–85	2,755	2,647	108	105.6
1983–84	2,798	2,681	117	110.1
1982–83	2,863	2,735	128	114.8
1981–82	2,922	2,786	136	119.4
1980–81	2,913	2,772	141	121.4
1979–80	2,892	2,744	148	122.9
1978–79	2,875	2,718	157	124.6
1977–78	2,926	2,760	166	129.4
1976–77	2,892	2,720	172	130.5
1975–76	2,896	2,709	187	133.1
1974–75	2,836	2,643	193	132.7
1973–74	2,834	2,627	207	134.7
1972–73	2,755	2,546	209	132.9
1971–72	2,714	2,499	215	132.6
1970–71	2,630	2,419	211	130.2
1969–70	2,588	2,387	201	129.9
1968–69	2,600	2,393	207	132.2
1967–68	2,688	2,475	213	138.8
1966–67	2,735	2,571	164	143.6
1965–66	2,703	2,544	159	144.8
1964–65	2,677	2,532	145	146.6
1963–64	2,577	2,446	131	145.0
1962–63	2,534	2,398	136	147.2
1961–62	2,449	2,319	130	147.2
1960–61	2,370	2,246	124	147.1
1959–60	2,176	2,071	105	139.7

[a] Based on latest estimate of January 1 population for each fiscal year.

TABLE 31—1986 TAXABLE INSURANCE PREMIUMS AND TOTAL TAXES ASSESSED IN 1987, BY COMPANY

Name of company	Taxable premiums (in thousands)	Total tax assessed
1	2	3
FIRE AND CASUALTY INSURERS		
Aetna Casualty and Surety Company (The)	$574,470	$13,500,036
Allstate Insurance Company	1,212,818	28,501,234
American Home Assurance Company	105,611	2,481,867
American Motorists Insurance Company	168,708	3,964,645
American National Fire Insurance Company	110,343	2,593,061
Argonaut Insurance Company	122,085	2,868,991
Associated Indemnity Corporation	151,207	3,553,375
Beaver Insurance Company	108,445	2,548,449
CalFarm Insurance Company	128,792	3,026,615
California Casualty Indemnity Exchange (The)	130,484	3,066,385
California State Automobile Association Inter-Insurance Exchange	742,364	17,445,564
California Union Insurance Company	92,892	2,182,954
Continental Casualty Company	153,319	3,602,993
Continental Insurance Company (The)	249,608	5,865,784
Employers Insurance of Wausau, a Mutual Company	119,886	2,817,310
Fairmont Insurance Company	138,549	3,255,904
Farmers Insurance Exchange	957,774	22,507,697
Federal Insurance Company	266,853	6,271,051
Fire Insurance Exchange	325,885	7,658,293
Fireman's Fund Insurance Company	664,000	15,603,996
Fremont Indemnity Company	231,400	5,437,905
Government Employees Insurance Company	133,325	3,133,135
Great American Insurance Company	89,027	2,369,118
Hartford Accident and Indemnity Company	306,843	7,210,816
Hartford Fire Insurance Company	98,308	2,310,238
Home Insurance Company (The)	130,127	3,057,980
Industrial Indemnity Company	577,767	13,577,518
Insurance Company of North America	336,605	7,910,227
Inter-Insurance Exchange of the Automobile Club of Southern California	753,446	17,705,980
Liberty Mutual Fire Insurance Company	362,336	8,514,891
Liberty Mutual Insurance Company	124,661	2,929,540
Mercury Casualty Company	245,065	5,759,036
Mid-Century Insurance Company	344,531	8,096,468
Mission American Insurance Company	116,907	2,747,326
National Surety Corporation	171,962	4,041,109
National Union Fire Insurance Company of Pittsburgh	668,510	15,709,974
Nationwide Mutual Insurance Company	234,392	6,136,599
Ohio Casualty Insurance Company (The)	96,525	2,483,926
Pacific Employers Insurance Company	172,554	4,055,014
Pacific Indemnity Company	135,787	3,190,284
Progressive Casualty Insurance Company	145,489	3,636,409
Republic Indemnity Company of America	150,372	3,533,749
Royal Insurance Company of America	153,103	3,597,918
SAFECO Insurance Company of America	280,266	6,586,250
Southern California Physicians Insurance Exchange	104,689	2,460,201
State Compensation Insurance Fund	863,664	20,296,113
State Farm Fire and Casualty Company	799,568	18,789,840
State Farm Mutual Automobile Insurance Company	1,470,305	34,552,169
St. Paul Fire and Marine Insurance Company	122,296	2,873,952
Transamerica Insurance Company	189,604	4,455,686
Transportation Insurance Company	118,914	2,794,485
Travelers Indemnity Company (The)	321,275	7,549,962
Truck Insurance Exchange	506,451	11,901,609
Twentieth Century Insurance Company	403,293	9,477,380
Unigard Security Insurance Company	85,966	2,020,204
United Pacific Insurance Company	151,677	3,564,405
United Services Automobile Association	250,622	5,889,611
United States Fidelity and Guaranty Company	146,949	3,453,300
West American Insurance Company	179,419	4,216,357
Zenith Insurance Company	120,003	2,820,080
634 other fire and casualty insurers [a]	7,811,772	185,918,346
Totals for fire and casualty insurers	$26,229,838	$620,081,313

[a] Each having a total tax of less than $2,000,000.

TABLE 31—1986 TAXABLE INSURANCE PREMIUMS AND TOTAL TAXES ASSESSED IN 1987, BY COMPANY—Concluded

Name of company	Taxable premiums (in thousands)	Total tax assessed
1	2	3
LIFE INSURERS		
Aetna Life Insurance Company	$558,922	$9,294,020
Allstate Life Insurance Company	217,004	4,891,689
American General Group Insurance Company	70,159	1,748,124
American National Insurance Company	54,255	1,346,727
AMEX Life Assurance Company	93,385	2,185,852
CalFarm Life Insurance Company	64,583	1,465,666
California-Western States Life Insurance Company	120,537	2,781,525
Connecticut General Life Insurance Company	194,908	4,473,818
Connecticut Mutual Life Insurance Company (The)	61,980	1,385,525
Continental Assurance Company	103,218	2,395,231
Crown Life Insurance Company	110,241	2,577,386
Equitable Life Assurance Society of the United States (The)	288,031	5,344,063
Equitable Variable Life Insurance Company	134,086	3,151,010
Executive Life Insurance Company	313,592	6,496,201
Family Life Insurance Company	77,907	1,766,843
Farmers New World Life Insurance Company	72,844	1,631,482
Fireman's Fund Employers Insurance Company	71,275	1,674,961
First Colony Life Insurance Company	54,005	1,212,744
First Farwest Life Insurance Company	52,738	1,239,332
General American Life Insurance Company	89,431	1,977,325
Great Republic Insurance Company	54,580	1,282,626
Great-West Life Assurance Company (The)	59,858	1,337,181
Guardian Life Insurance Company of America (The)	73,963	1,705,884
Jackson National Life Insurance Company	101,368	2,387,164
John Hancock Mutual Life Insurance Company	185,164	3,029,996
Life Insurance Company of North America	60,092	1,339,438
Lincoln National Life Insurance Company (The)	189,350	4,425,025
Manufacturers Life Insurance Company (The)	122,243	2,849,448
Massachusetts Indemnity and Life Insurance Company	111,616	2,622,661
Massachusetts Mutual Life Insurance Company	188,345	3,472,523
Metropolitan Life Insurance Company	448,332	6,523,799
Monarch Life Insurance Company	140,201	3,289,078
Mutual Benefit Life Insurance Company (The)	87,080	1,974,482
Mutual Life Insurance Company of New York (The)	90,231	2,093,813
Mutual of Omaha Insurance Company	79,614	1,870,932
National Home Life Assurance Company	58,081	1,360,787
New England Mutual Life Insurance Company	81,310	1,723,016
New York Life Insurance and Annuity Corporation	73,235	1,712,628
New York Life Insurance Company	461,750	9,019,730
NN Investors Life Insurance Company, Inc.	47,464	1,114,272
Northwestern Mutual Life Insurance Company (The)	136,646	2,951,672
Northwestern National Life Insurance Company	54,932	1,270,878
Pacific Mutual Life Insurance Company	347,817	6,533,818
Principal Mutual Life Insurance Company	157,519	3,474,096
Provident Life and Accident Insurance Company	104,340	2,440,157
Pruco Life Insurance Company	68,640	1,613,728
Prudential Insurance Company of America (The)	1,021,684	16,061,824
Sovereign Life Insurance Company of California	61,732	1,450,697
Standard Insurance Company	75,800	1,763,391
State Farm Life Insurance Company	89,301	1,690,987
Transamerica Occidental Life Insurance Company	414,019	9,488,115
Travelers Insurance Company (The)	306,552	6,354,947
Travelers Life and Annuity Company (The)	266,094	1,330,470
Union Labor Life Insurance Company (The)	108,502	2,547,146
United American Insurance Company	63,414	1,490,232
United Insurance Company of America	71,533	1,681,016
United of Omaha Life Insurance Company	106,949	2,349,226
UNUM Life Insurance Company of America	98,237	2,307,141
569 other life insurers [b]	3,835,417	85,716,176
Totals for life insurers	$12,906,106	$266,689,723 [c]
Totals for fire and casualty insurers	26,229,838	620,081,313 [c]
Totals for title insurers	539,265	12,756,978 [c]
Totals for all insurers	$39,675,209	$899,528,014

[b] Each having a total tax of less than $1,100,000.

[c] Retaliatory taxes of $3,680,011 for fire and casualty insurers, $1,541,121 for life insurers and $84,263 for title insurers have been included in the assessments by company.

TABLE 32—SUMMARY OF INSURANCE TAXES ASSESSED IN 1986 AND 1987 AGAINST COMPANIES AUTHORIZED TO DO BUSINESS IN CALIFORNIA, BY TYPE OF INSURER [a]

Type of insurer	Assessments on 1985 business		Assessments on 1986 business		Percent change in assessments
	Number	Amount	Number	Amount	
1	2	3	4	5	6
Fire and casualty	760	$498,881,912	765	$620,081,313	24.3%
Life	693	240,736,614	719	266,689,723	10.8
Title	23	9,878,721	27	12,756,978	29.1
Subtotals	1,476 [b]	749,497,247 [b]	1,511 [c]	899,528,014 [c]	20.0
Ocean marine	51	149,821	51	153,794	2.7
Totals	1,527	$749,647,068	1,562	$899,681,808	20.0%
Adjustments:					
Deficiency assessments	318 [d]	52,517,578 [d]	311 [e]	21,549,525 [e]	—
Refunds and cancellations	18	3,948,853	21	1,547,265	—
Net adjustments	336	48,568,725	332	20,002,260	—
Grand totals	1,863	$798,215,793	1,894	$919,684,068	15.2%

[a] Includes self-assessments and board assessments against companies licensed to write insurance on California risks.

[b] Includes 165 returns that reported no premiums liability and 166 retaliatory tax assessments totaling $5,522,299.

[c] Includes 181 returns that reported no premiums liability and 174 retaliatory tax assessments totaling $5,305,395.

[d] Includes 126 assessments by the State Controller in the amount of $2,094,669.

[e] Includes 171 assessments by the State Controller in the amount of $717,498.

INSURANCE TAX

TABLE 33—INSURANCE TAX ASSESSMENTS AGAINST LICENSED INSURERS, TAX RATE, TAXES ON PREMIUMS, LOCAL PROPERTY TAX CREDITS ALLOWED, TAXES ON OCEAN MARINE BUSINESS, AND TOTAL TAXES ASSESSED, 1911–15 TO 1987 [a]

Year of assessment	Number of assessments [b]	Gross premiums tax rate (percent)	Taxes assessed on premiums [c]	Local property tax credits allowed	Taxes assessed on underwriting profits: ocean marine [d]	Total taxes assessed
1	2	3	4	5	6	7
1987	1,207 [e]	2.35	$918,530,274	—	$153,794	$919,684,068
1986	1,196	2.33	798,065,972	—	149,821	798,215,793
1985	1,182	2.33	655,697,936	—	85,824	655,783,760
1984	1,174	2.33	584,542,259 [f]	—	66,928	584,609,187
1983	1,144	2.33	460,219,302 [g]	—	183,981	460,403,283
1982	1,106	2.35	472,705,232	—	225,083	472,930,315
1981	1,064	2.35	448,622,737	—	145,962	448,768,699
1980	1,065	2.35	429,479,576	—	100,375	429,579,951
1979	1,038	2.35	396,871,905	—	144,456	397,016,361
1978	1,008	2.35	363,665,780	—	74,843	363,740,623
1977	984	2.35	299,712,880	— [h]	37,018	299,749,898
1976	967	2.35	248,537,130	$17,840,567	23,124	230,719,687
1975	992	2.35	211,975,924	16,731,201	79,999	195,324,722
1974	1,010	2.35	209,787,954	16,160,417	165,802	193,793,339
1973	989	2.35	195,049,519	16,406,592	141,337	178,784,264
1972	977	2.35	174,529,967	13,918,775	88,938	160,700,130
1971	915	2.35	160,307,804	11,673,670	45,488	148,679,622
1970	894	2.35	141,892,452	9,785,420	25,209	132,132,241
1969	830	2.35	130,895,320	7,610,137	13,518	123,298,701
1968	787	2.33	119,132,434	6,314,488	9,791	112,827,737
1967	782	2.33	111,445,400	6,377,277	4,213	105,072,336
1966	791	2.33	105,050,308	6,239,578	10,763	98,821,493
1965	833	2.33	97,782,471	5,691,383	24,785	92,205,873
1964	826	2.35	90,473,809 [i]	4,979,745	38,516	85,532,580 [i]
1963	815	2.35	82,521,529	4,766,754	44,475	77,799,250
1962	809	2.35	75,504,917	4,291,305	42,206	71,255,818
1961	767	2.35	71,235,283	3,854,507	39,688	67,420,464
1960	736	2.35	65,169,948	3,341,844	20,307	61,848,411
1959	711	2.35	58,377,347	3,153,605	13,601	55,237,343
1958	716	2.35	53,461,244	2,714,160	19,843	50,766,927
1957	728 [j]	2.35	48,365,723	2,278,623	54,234	46,141,334
1956	828	2.35	44,476,726	2,026,931	83,296	42,533,091
1951–1955	3,971	2.35 [k]	173,274,339 [k]	7,373,849	488,856	166,389,346 [k]
1946–1950	3,790	[k]	101,734,147	4,178,399	454,383	98,010,131
1941–1945	3,400	[k]	58,111,232	5,777,662	139,007	52,472,577
1936–1940	3,405	2.60	44,427,176	8,395,968	59,270	36,090,478
1931–1935	3,128	2.60	34,850,689	3,342,794	87,173	31,595,068
1926–1930	2,834	2.60	33,143,423	3,031,155	—	30,112,268
1921–1925	2,129	2.60	20,170,810	1,460,622	—	18,710,188
1916–1920	1,664	2.00	7,257,013	272,834	—	6,984,179
1911–1915	1,490	[m]	3,893,525	169,848	—	3,723,677

[a] Excludes assessments against life insurance companies not licensed by the State to write insurance on California risks.

[b] Includes only annual premiums tax assessments showing tax liability and ocean marine assessments.

[c] Includes retaliatory assessments (except for the period from 1945, when the retaliatory tax law was repealed, through 1959 when the law was reestablished), penalties for late filing or nonfiling of returns, and adjustments of prior year taxes.

[d] Includes penalties for late filing or nonfiling of returns. By constitutional amendment adopted in 1930, ocean marine insurance was removed from the scope of the gross premiums tax and subjected to a 5 percent tax on underwriting profits.

[e] Defined in footnote b. In addition there were 174 retaliatory tax assessments and 298 returns that showed no tax liability, of which 181 were for life, casualty, and title insurers, and 117 for ocean marine insurers.

[f] Includes $43,872,613 in 1984 and $50,262,105 in 1985 assessed against claim payments made under "Mini-Met" type minimum premium payment group health and welfare plans. The State Supreme Court found these payments to be subject to the gross premiums tax.

[g] Refunds granted by court decision in the amount of $31,299,011 for the principal office deduction for the year 1976 have been deducted.

[h] This tax credit on the home or principal office in California was eliminated by proposition 6 which was approved by the voters on June 8, 1976; see Chapter 938, Statutes of 1975.

[i] Excludes $22,859,004, which represents the prepayments the companies assessed themselves, computed at the rate of 2.33 percent on the premiums written in the first quarter of 1964.

[j] Beginning in 1957, life insurance companies writing disability insurance were assessed only once. In all prior years such companies were assessed twice; one assessment covered their life insurance and annuity policies, and one covered their disability insurance business. In 1956 there were 93 such companies.

[k] Beginning in 1952, the State Compensation Insurance Fund became subject to assessment by the Board.

[l] The tax rate declined by .05 percent per year from 2.60 percent in 1943 to 2.35 percent in 1948. The decrease was intended to compensate for a gradual restriction of the real estate tax offset privilege. In the 1944 assessment, the maximum offset for taxes on real estate other than the principal office in the state was 75 percent of the company's 1940 offset on such property. The next year it was 55 percent; the next, 35 percent; then 15 percent. From 1948 on, only taxes on principal offices have been eligible for offset.

[m] The gross premium tax was first enacted in 1911 at a rate of 1.50 percent on premiums collected in 1910. The rate was raised to 1.75 percent in 1913 and 2.00 percent in 1915.

(ELECTRICAL) ENERGY RESOURCES SURCHARGE

TABLE 34—ENERGY RESOURCES SURCHARGE REVENUE, 1974–75 to 1986–87
(In thousands of dollars)

Fiscal year	Revenue
1	2
1986–87	$35,142
1985–86	34,824
1984–85	34,432
1983–84	32,131
1982–83	30,729
1981–82	30,994 [a]
1980–81	23,817 [b]
1979–80	19,022 [c]
1978–79	18,066 [d]
1977–78	17,670 [e]
1976–77	13,989
1975–76	13,250
1974–75	1,885 [f]

[a] Effective September 1, 1981, the tax rate was increased to $0.0002 per kilowatt hour, the maximum allowed under the law. The surcharge was permanently set at the maximum authorized rate in September 1982.

[b] Effective September 1, 1980, the tax rate was increased to $0.00016 per kilowatt hour from $0.00015. Effective March 1, 1981, the rate was increased to $0.00019.

[c] Effective September 1, 1979, the tax rate was increased to $0.00015 per kilowatt hour from $0.0001.

[d] Effective September 1, 1978, the tax rate was reduced to $0.0001 per kilowatt hour from $0.00014.

[e] Effective September 1, 1977, the tax rate was increased to $0.00015 per kilowatt hour from $0.0001. Effective March 1, 1978, the tax rate was reduced to $0.00014. Effective January 1, 1978, purchase of electrical energy from the United States government or its agencies used in California became subject to the surcharge.

[f] This tax became effective January 1, 1975 at a rate of $0.0001 per kilowatt hour on the consumption of electrical energy in California.

TELEPHONE TAXES

TABLE 35—EMERGENCY TELEPHONE USERS (911) SURCHARGE AND (MOORE) UNIVERSAL TELEPHONE SERVICE TAX REVENUE, 1978–79 TO 1986–87

(In thousands of dollars)

Fiscal year	Emergency telephone users surcharge [a]	Universal telephone service tax [b]
1	2	3
1986–87	$40,985	$42,627 [c]
1985–86	34,437	83,707
1984–85	30,178	57,637
1983–84	25,356	
1982–83	23,057	
1981–82	20,052	
1980–81	15,759	
1979–80	15,142	
1978–79	14,069	
1977–78	8,747	

[a] This tax became effective July 1, 1977 at the rate of 0.5 percent on the charges for intrastate telephone communication services. Every service supplier is required to collect the surcharge from the service user at the same time billings for services are collected.

[b] This tax became effective July 1, 1984 at a rate of 4 percent on the gross revenues received by each designated service supplier in California from intrastate telecommunications service.

[c] Effective July 1, 1986, the tax rate was reduced to 1.5 percent.

FEDERAL, STATE, AND LOCAL TAX COLLECTIONS

TABLE 36—FEDERAL, STATE, AND LOCAL TAX COLLECTIONS, 1950–51 TO 1986–87

(In thousands of dollars)

Fiscal year	Federal taxes [a]	State taxes other than disability insurance [b]	Local taxes and ad valorem assessments [c]	Total
1	2	3	4	5
1986–87	n.a.	37,147,420	16,843,000 [d]	n.a.
1985–86	n.a.	32,756,530	15,638,373 [r]	n.a.
1984–85	85,348,500 [d]	31,191,916	14,325,179	130,865,595 [d]
1983–84	76,623,643	27,546,937	12,972,704	117,143,284
1982–83	70,893,434	23,762,901	11,630,998	106,287,333
1981–82	71,541,870	23,081,477	10,527,278	105,150,625
1980–81	67,149,915	21,290,825	9,369,680	97,810,420
1979–80	58,873,061	20,558,664	8,525,000	87,956,725
1978–79	49,558,113	17,781,295	7,515,000	74,854,408
1977–78	42,772,775	16,266,712	12,791,000	71,830,487
1976–77	37,997,043 [e]	13,873,801	11,442,000	63,312,844
1975–76	28,091,997	11,661,724	10,093,000	49,846,721
1974–75	28,510,065	10,350,879	9,087,000	47,947,944
1973–74	24,959,348	8,503,309	8,141,345	41,604,002
1972–73	21,386,204	7,859,022	8,150,000	37,395,226
1971–72	18,962,545	7,086,506	7,325,000	33,374,051
1970–71	17,629,909	5,979,962	6,545,000	30,154,871
1969–70	18,596,235	5,851,911	5,789,464	30,237,610
1968–69	16,777,444	5,599,729	5,369,543	27,746,716
1967–68	15,435,808	5,090,195	4,787,145	25,333,148
1966–67	13,098,149	3,978,106	4,336,397	21,412,652
1965–66	11,085,100	3,889,945	3,896,042	18,871,087
1964–65	10,443,242	3,562,865	3,537,505	17,543,612
1963–64	10,534,708	3,369,236	3,247,449	17,151,393
1962–63	9,806,770	2,987,506	3,011,527	15,805,803
1961–62	9,091,751	2,673,724	2,769,131	14,534,606
1960–61	8,486,217	2,489,916	2,521,870	13,498,003
1959–60	7,997,711	2,364,532	2,306,318	12,668,561
1958–59	6,923,618	1,947,824	2,073,642	10,945,084
1957–58	6,753,950	1,786,026	1,856,780	10,396,756
1956–57	6,643,780	1,757,400	1,606,115	10,007,295
1955–56	6,008,419	1,654,153	1,400,489	9,063,061
1954–55	5,184,128	1,433,546	1,241,175	7,858,849
1953–54	5,356,963	1,339,870	1,121,205	7,818,038
1952–53	5,287,729	1,263,722	1,030,091	7,581,542
1951–52	4,645,285	1,214,772	933,783	6,793,840
1950–51	3,558,227	1,116,063	869,460	5,543,750

[a] Includes the railroad employment compensation tax but excludes custom duties which are not classified as internal revenue.

[b] Unemployment insurance tax collections totaling $1,807,639,000 are included in the figure for 1986–87 but the State's unemployment compensation disability tax, on the other hand, which yielded $1,523,586,000 in the fiscal year, is excluded because it lacks one of the characteristics that most definitions require of a tax: it is not a "compulsory payment" since an approved private plan may be substituted for the state insurance financed by means of this levy.

[c] Includes (1) property taxes; (2) state-administered local sales and use taxes, whether distributed or withheld by the state as a service charge; (3) franchises; (4) business license taxes; (5) animal licenses; (6) bicycle licenses; and (7) ad valorem special assessments collected by county officials—levies which are extended against the assessed values of land and improvements (but not personal property) to finance activities which are supposed to confer benefits on each property owner of a value approximately equal to his share of the levy.

[d] Estimated.

[e] Beginning with 1976–77 the federal fiscal year runs from October 1, through September 30.

[r] Revised.

GENERAL INFORMATION

PUBLICATIONS OF THE CALIFORNIA STATE BOARD OF EQUALIZATION

Copies of free Board of Equalization publications may be obtained at any of the Business Taxes field offices listed on page A-50. For information and prices on publications available at cost, write to the California State Board of Equalization, Forms Management Unit, 942879, Sacramento, CA 94279-0001.

PAMPHLETS AT NO CHARGE

No. 1 Sales and Use Tax Law
No. 2 Uniform Local Sales & Use Tax Law and Transactions & Use Tax Law
No. 3 Use Fuel Tax Law
No. 4 Cigarette Tax Law
No. 5 Alcoholic Beverage Tax Law
No. 6 Motor Vehicle Fuel License Tax Law
No. 7 Tax on Insurers Law
No. 8 Private Railroad Car Tax Law
No. 9 Tax Tips for Construction and Building Contractors
No. 10 Energy Resources Surcharge Law
No. 11 Energy Resources Surcharge Regulations
No. 12 Use Fuel Tax for Vendors and Users—Use Fuel Regulations and Analysis
No. 14 Motor Vehicle Fuel License Tax Regulations
No. 15 Cigarette Tax Regulations
No. 16 Alcoholic Beverage Tax Regulations
No. 17 Appeals Procedures
No. 18 Tax Tips: Sales Tax Guide for Volunteer and Nonprofit Fund Raising Organizations
No. 20 California Emergency Telephone Users Surcharge Law
No. 21 State Board of Equalization
No. 22 Tax Tips for the Dining and Beverage Industry
No. 24 Tax Tips for Package (Off-Sale) Liquor Stores
No. 25 Tax Tips for Auto Repair Garages and Service Stations
No. 27 Tax Tips for Drug Stores
No. 28 Business Tax & Property Tax Information for City and County Officials
No. 29 Property Tax Facts for Policy Makers
No. 31 Tax Tips for Grocery Stores
No. 32 Tax Tips for Sellers Making Sales for Resale or Export to Purchasers from Mexico
No. 34 Tax Tips for Motor Vehicle Dealers (New & Used)
No. 35 Tax Tips for Interior Designers and Decorators
No. 36 Tax Tips for Veterinarians
No. 37 Tax Tips for the Graphic Arts Industry
No. 38 Tax Tips for Advertising Agencies
No. 39 Emergency Telephone Users Surcharge Regulations
No. 40 Tax Tips for the Watercraft Industry
No. 43 Timber Yield Tax Law
No. 44 Transit Taxes
No. 45 Tax Tips for Hospitals
No. 46 Tax Tips for Leasing of Tangible Personal Property in California
No. 47 Tax Tips for Manufactured Housing
No. 48 Church Exemption; Religious Exemption; and Religious Aspects of the Welfare Exemption
No. 59 Local Motor Vehicle Fuel Taxation Law
No. 60 Hazardous Substances Tax Law
No. 61 Exemptions and Exclusions from Sales and Use Taxes
No. 62 Tax Tips for Locksmiths
No. 63 Universal Telephone Service
No. 64 Tax Tips for Jewelry Stores
No. 66 No. 66 Tax Tips for Retail Feed and Farm Supply Stores
No. 67 Instructions for Reporting State-Assessed Property: Part I, All State Assessees
No. 67A Part IIA, Gas & Electric Companies
No. 67B Part IIB, Telephone Companies—Local Exchange Carriers
No. 67C Part IIC, Telephone Companies—Interexchange Carriers
No. 67D Part IID, Telephone Companies—Cellular Carriers
No. 67E Part IIE—Railroad Companies
No. 67F Part IIF—Private Railroad Car Companies (Except Cars)
No. 68 Tax Tips for Photographers, Photo Finishers, and Film Processing Laboratories
No. 69 California Solid Waste and Disposal Site Clean Up and Maintenance Fee Law

INDIVIDUAL COPIES AT NO CHARGE

Sales and Use Tax Regulations *
Uniform Local Sales and Use Tax Regulations *
Transactions (Sales) and Use Tax Regulations *
Motor Vehicle Fuel License Tax Regulations *
Use Fuel Tax Regulations *
Tax Information Bulletin (published quarterly) *
State of California Sales Tax Reimbursement Schedules
Property Tax Rules *
Annual Calendar of Board Meetings
List of Board of Equalization Publications Available to the Public
Taxable Sales in California (published quarterly)
Annual Report of the State Board of Equalization
Hearing Procedures of the State Board of Equalization

PUBLICATIONS AT COST

Business Taxes Law Guide
Property Taxes Law Guide
Business Taxes Audit Manual

IF YOU ARE IN DOUBT ABOUT HOW THE SALES AND USE TAX LAW APPLIES, PLEASE LET US KNOW.

Although the Board staff will provide verbal responses to your questions, you are encouraged to write or visit the nearest Board of Equalization Office. Requests for advice regarding a specific activity or transaction should be in writing and should fully describe all the facts.

Effective January 1, 1985, the Board may relieve taxpayers of tax, interest, and penalties where the Board finds that the failure to make a timely return or payment of sales or use tax was due to the taxpayer's reliance on written advice from the Board. This relief is available only when there has been written advice by the Board staff in response to a written request from a specific taxpayer, who described fully the specific facts and circumstances of the activities or transactions for which the advice was requested. (Assembly Bill 3338, Chapter 1728, Statutes of 1984)

* When requesting these items please designate specific regulation, rule, or issue.

CALIFORNIA STATE BOARD OF EQUALIZATION OFFICES

District	Board Members—1988	Office Address	Area Code	Telephone Number
First	WILLIAM M. BENNETT	1020 N St., Sacramento 95814	916	445-4081
Second	CONWAY H. COLLIS	901 Wilshire Blvd., Suite 210, Santa Monica 90401	213	451-5777
		From L.A.	213	852-5024
Third	ERNEST J. DRONENBURG, Jr.	110 West C St., Suite 1709, San Diego 92101	619	237-7844
Fourth	PAUL CARPENTER	4040 Paramount Blvd., Suite 103, Lakewood 90712	213	429-5422
State Controller	GRAY DAVIS	300 Capitol Mall, Sacramento 95814	916	445-2636
SACRAMENTO HEADQUARTERS	CINDY RAMBO, Executive Secretary	1020 N St., Sacramento 95814	916	445-6464

California Cities Business Taxes Field Offices	Office Hours 8–5 Unless Otherwise Listed Below	Office Address	Area Code	Telephone Number
Arcadia		20 E. Foothill Blvd., 91006	818	350-6401
		From L.A.	213	681-6675
Arroyo Grande		1303 Grand Ave, Ste. 115, 93420	805	489-6293
Auburn	8-12 & 1-5 M thru F	550 High St., Suite 3, 95603	916	885-8408
Bakersfield		525 18th St., 93301	805	395-2880
Bishop	8-12 & 1-5 M thru F	407 W. Line St., Room 3, 93514	619	872-3701
Chico	8-12 & 1-5 M thru F	8 Williamsburg Lane, 95926	916	895-5322
Covina		233 N. Second Ave., 91723	818	331-6401
Crescent City	8-12 & 1-5 M thru F	1080 Mason Mall, 95531	707	464-2321
Culver City		3861 Sepulveda Blvd., Caller Box 3652, 90231-3652	213	313-7111
		From L.A.	213	879-0600
Downey		11229 Woodruff Ave., 90241	213	803-3471
		From L.A.	213	773-3480
El Centro	8-12 & 1-5 M thru F	1699 W. Main St., Suite H, 92243	619	352-3431
Eureka	8-12 & 1-5 M thru F	1656 Union St., Room 119, 95501	707	445-6500
Fresno		2550 Mariposa St., Room 2080, 93721	209	445-5285
Hayward		795 Fletcher Lane, 94544	415	881-3544
Hollywood		5110 Sunset Blvd., 90027	213	663-8181
Laguna Hills		23151 Moulton Parkway		
Lakewood		4040 Paramount Blvd., Suite 100, 90712	213	421-3295
		From L.A.	213	636-2466
Marysville		922 G St., 95901	916	741-4301
Merced	8-12 & 1-5 M thru F	3191 M St., Suite A, 95340	209	383-2831
Modesto		1020 15th Street, Suite E, 95354	209	576-6360
Nevada City	8-12 & 1-5 M thru F	301 Broad St., 95959	916	265-4628
Oakland		1111 Jackson St., Room 7072, 94607	415	464-0347
Ontario	8-12 & 1-5 M thru F	320 West G St., Suite 105, 91762	714	983-5969
Oroville	8-12 & 1-5 M thru F	2445 Oro Dam Blvd., Suite 3A, 95966	916	534-2359
Palmdale	8-12 & 1-5 M thru F	37925 Sixth St., East, 93550	805	947-8911
Placerville	8-12 & 1-5 M thru F	3441 Placerville Dr., Suite 12, 95667	916	622-1101
Pleasant Hill		395 Civic Dr., Suite D, 94523	415	687-6962
Quincy	9-1 M thru F	546 Lawrence St., 95971	916	283-1070
Rancho Mirage	8-12 & 1-5 M thru F	42-700 Bob Hope Drive, Suite 301, 92270	619	346-8096
Redding		391 Hemsted Dr., 96099	916	225-2725
Sacramento		1891 Alhambra Blvd., 95816	916	739-4911
Salinas		21 W. Laurel Dr., Suite 79, 93906	408	443-3008
San Bernardino		303 W. Third St., Suite 500, 92401	714	383-4701
San Diego		1350 Front St., Room 5047, 92101	619	237-7731
San Francisco		350 McAllister St., Room 2262, 94102	415	557-1877
San Jose		100 Paseo de San Antonio, Room 307, 95113	408	277-1231
San Marcos		334 Via Vera Cruz, 92069	619	744-1330
San Mateo		177 Bovet Rd, Suite 250, 94402	415	573-3578
San Rafael		7 Mt. Lassen Drive, Suite B-136, 94903	415	472-1513
Santa Ana		28 Civic Center Plaza, Room 239, 92701	714	558-4059
Santa Barbara		411 E. Canon Perdido St., Room 11, 93101-1589	805	965-4535
Santa Cruz	8-12 & 1-5 M thru F	303 Water St., Suite 6, 95060	408	423-6683
Santa Rosa		50 D Street, Room 215, 95401	707	576-2100
Sonora	8-12 & 1-5 M thru F	1194 N. Highway 49, 95370	209	532-6979
South Lake Tahoe	8-12 & 1-5 M thru F	2489 Lake Tahoe Blvd., Suite 7, 95705	916	544-4816
Stockton		31 E. Channel St., Room 264, 95201-1890	209	948-7720
Susanville	9-1 M thru F	63 N. Roop St., 96130	916	257-3429
Torrance		690 West Knox St., 90507-0270	213	516-4300
		From L.A.	213	770-4148
Ukiah	8-12 & 1-5 M thru F	620 Kings Court, Suite 110, 95482	707	463-4731
Vallejo		704 Tuolumne St., 94590	707	648-4065
Van Nuys		6150 Van Nuys Blvd., 91401	818	901-5293
Ventura		2590 E. Main St., Suite 101, 93003-2619	805	654-4523
Visalia		111 S. Johnson St., Suite E, 93291	209	732-5641
Woodland	8-12 & 1-5 M thru F	96 W. Main St., Suite 2, 95695	916	662-7331
Yreka	8-12 & 1-5 M thru F	1217 So. Main Street, 96097	916	842-7439
Out-of-State Field Offices				
Sacramento Headquarters		1820 14th St., 95814	916	322-2010
Chicago, Illinois		150 N. Wacker Dr., Room 1400, 60606	312	782-7253
New York, N.Y.		675 Third Ave., Room 520, 10017	212	697-4680
Houston, Texas	(By appointment)	9800 Northwest Freeway, Ste. 108, 77092	713	681-1106

Property Taxes Field Offices			
Eureka (Timber)	1656 Union Street, Room 120, 95501	707	445-6502
Fresno (Assessment Standards)	2550 Mariposa St., Room 2020, 93721	209	445-5305
Hayward (Assessment Standards—Valuation)	795 Fletcher Lane, 94544	415	881-3584
Orange (Assessment Standards)	140 S. Flower St., Suite 101, 92668	714	634-9133
Orange (Valuation)	140 S. Flower St., Suite 102, 92668	714	634-9118
Redding (Timber)	2400 Washington Ave., Suite 210, 96001	916	225-2670
Sacramento (Administration)	1719 24th Street, 95816	916	445-1516
Sacramento (Assessment Standards)	1719 24th Street, 95816	916	445-4982
Sacramento (Timber)	1719 24th Street, 95816	916	445-6964
Sacramento (Valuation)	1719 24th Street, 95816	916	445-2323